## TAB

# U.S. ARMY CORPS OF ENGINEERS RECREATION STUDY

**VOLUME II: APPENDIX I** 

**Interviews and Regional Workshops Report** 

### Final Report

From a Set of Activities Designed to Identify and
Assess Options for Reaching the Goal of
Maintaining or Enhancing Recreation Opportunities While
Reducing Federal Net Spending

Prepared for U.S. Army Corps of Engineers Institute for Water Resources Fort Belvoir, VA 22060

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Contract #DACW72-89-D-0020

June 1990

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### **ACKNOWLEDGEMENTS**

The data analyzed in this report were collected through the very capable facilitation efforts of Dale Brown. Dr. Brown, along with assistance from Kathy Surprenant, Lynn Mortensen, Linda Hale, and Tom Wandzilak guided the discussion of enthusiastic participants in a manner that encouraged input from participants and allowed equal opportunity to voice opinion. The facilitation team also digested the group input which allowed accurate summarization of the discussion sessions. The facilitation process for this project illustrated to those involved the "right way" to conduct a facilitated workshop, and more importantly provided the research benefits that result from an expertly conducted process.

Contacts at the U.S. Army Corps of Engineers, Institute for Water Resources, William Hansen (Contracting Officer) and Lawrence Skaggs, provided helpful and enthusiastic guidance and support.

The efforts of other Corps personnel involved in organizing individual regional workshops were also very much appreciated. Corps offices that took formal organizational roles were: North-Pacific Division, Portland District, Southwestern Division, Ft. Worth District, Missouri River Division, Pittsburgh District, Rock Island District, and the South-Atlantic Division.

Michael Huff of Vanderbilt University conducted interviews of experts in the field of recreation. Those who donated time to be interviewed were very much appreciated. Ideas and thoughts of the recreation management experts collected during this stage of the project provided in-depth insight into important recreation management issues.

Finally, the hard-working staff at Planning and Management Consultants, Ltd. were instrumental in production of this report. Duane Baumann provided valuable input during the organization and planning stages of this research endeavor. Nancy Hanna-Somers, Don Burk, and Judith McFarlin put forth extensive efforts towards making this a concise and usable work. The professional editorial assistance provided by Teresa White was also greatly appreciated.

#### **EXECUTIVE SUMMARY**

### **ELEMENTS OF THE STUDY**

As part of the process of developing and assessing options for reaching the broad goal articulated by the Assistant Secretary of the Army (Civil Works)

"...to find ways to maintain and enhance recreation opportunities nationwide while reducing federal expenditures,"

the Recreation Task Force set in motion a variety of efforts for obtaining input from relevant concerned publics. This report deals with three of those efforts.

- 1. A series of about forty personal interviews held in January, 1990 with individuals who, for one reason or another, were believed to have important insights to share. (This effort is described in Chapter 1.)
- 2. A facilitated workshop for Corps personnel involved with recreation management. This was held at the Natural Resources Management Conference in Nashville, Tennessee, in early February, 1990. (This effort is described in Chapter 2.)
- 3. A series of facilitated workshops held in six cities around the nation in March and April, 1990. These were designed to elicit input from members of the many concerned publics, including those directly involved with Corps projects as developers or concessionaires; those concerned with recreation's role in regional economic development; employees of federal, state, and local governments; representatives of conservation and project user groups, and academics. (This effort is described in Chapter 3.)

### RESULTS

Chapters 2 and 3, especially, present summaries of the enormous amount of data generated by these efforts. Most of the results are, on reflection, not surprising. Respondents from business favor policies that are directed at helping businesses. State and local government officials would like to see more federal dollars in the form of facilities cost-sharing. Almost everyone is suspicious of private developers and private exclusive use arrangements. And almost everyone would like the Corps to find additional money for recreation either by changing the way its own books are kept (e.g., cross-subsidizing recreation out of hydropower earnings) or by somehow persuading Congress and the administration to be more generous.

A few results are, however, worth singling out in some cases because they are surprising, in others because they are reassuring, and in still others because of their sheer pervasiveness.

- There is widespread support for a major continuing role of the Corps in recreation. Certainly there is no widely agreed-on or even perceived alternative.
- There is also widespread support for the Corps' role in protecting the natural environment at its projects. Indeed, some respondents think the Corps could and should be even tougher on matters such as groundwater and natural areas.

- There is, however, equally widespread and often quite agitated frustration with the Corps' bureaucratic structure and behavior. Specific complaints included excessive delays in lease and permit approvals, inconsistent messages from different administrative layers, and the sheer complexity of regulations.
- Most surprising to us: there was some significant support for, and no widespread or vehement opposition to, more realistic pricing of everything from a recreation day (e.g., launching a bass or ski boat) to a permit to build a private dock.
- There was little opposition to encouragement of private-sector cooperation per se, but there is a strong strain of opposition to arrangements in which private sector equals exclusive use. Our interpretation of these data is that there may be opposition to granting exclusive use to, say, a yacht club that keeps out the public by fiat, but not to a marina that is open to public use on payment of a fee.

### RECOMMENDATIONS

- 1. The Corps should commit itself to, and obtain necessary authority for, charging at least approximately efficient prices for all recreation users that have a private-good character. These at least should include day-use, recreation activities (other than just looking or sight-seeing), the granting of concession and development leases, and the granting of various types of private, exclusive-use permits.
- 2. The Corps should work to change several facets of its policy toward private-sector developers and concessionaires. Particular examples include:
  - Lease terms should be longer, providing lease payments reflect market values.
  - Lease holders should themselves be free to charge market prices except in what are probably unusual circumstances involving near-monopoly conditions.
  - Nonprice regulation of leaseholder operations should be lightened up, except as it pertains to the natural environment. As a particularly potent symbol of existing micromanagement, the treatment of permits to serve liquor should be changed.
- 3. Finally, we recommend that the Corps define a new functional area at every level. This might be called "nonfederal initiatives." It would be symmetric with real estate, natural resources, planning, etc. But it would have as its mission successfully involving state, regional, local, and private institutions in recreation development and management at Corps projects. Thus, career rewards would come from being helpful, prompt, etc., and at best, the "corporate culture" would evolve toward outward-looking service.

### **CHAPTER 1**

### THE PERSONAL INTERVIEWS

In fulfillment of the first element of the task order governing this contract, forty-four individuals were interviewed at twenty-three places around the United States. These interviews were carried out during January and early February, 1990. In all but a few cases, the interviewees were chosen by the technical monitor as representatives of projects, firms, or state programs of intense interest to the study. In a few cases, the interview team exercised its discretion and followed up on suggestions made by other respondents.

The respondents came from both the public and private sectors. Within the latter, those interviewed included developers (and would-be developers), concessionaires (and would-be concessionaires), architects, economic consultants, and private persons serving on public bodies such as tourism boards. Public-sector respondents included individuals working at the town or city, county, state, and federal level as well as employees of special development authorities set up by state governments but with some autonomy. (A complete summary of the interviews is provided in Table 1-1.)

Because the backgrounds of the interviewees varied so widely and because the nature of their individual involvement with the Corps also ran across a wide spectrum, the tone and content of the set of interviews spawned a wide range as well. Appendix A to this report contains narrative summaries of the interviews, with the privacy of each interviewee protected to the extent possible. (In some cases local references could not be eliminated without destroying meaning, and from these, identities can be inferred.)

### INTERPRETATION

Anyone who reads even a sample of these interviews will discover, that despite the range of specific concerns, a few major themes keep reappearing. In this next section, one version of those themes is set out and specific examples are given.

But first, Figure 1-1 portrays our interpretation of the interview results in a schematic way. Here, the goals of the study as they pertain to existing and potential future sites are portrayed as "protected" from "attack" by successive lines of fortification. The attacking columns are the options: nonfederal involvement (private, state, local, and regional authority); increased revenues via fees; increased efficiency in Corps-controlled operations; and offering of increased recreation opportunities (especially in terms of types of recreation experiences). The "defensive lines" consist of problems created by the natural world; elements of economic reality; ethical and political concerns; the content of applicable laws and regulations; and the all-encompassing problem of the Corps' unwieldy and unresponsive bureaucracy. The schematic makes it clear that the lines are deepest on the privatization front, though the strength of the fortification created by state and local financial limitations may be enough to single-handedly beat back attack in that sector. Certainly the figure does suggest that attaining the objectives of the National Recreation Study will be far from easy.

### TABLE 1-1

### INTERVIEWS HELD JANUARY/FEBRUARY 1990

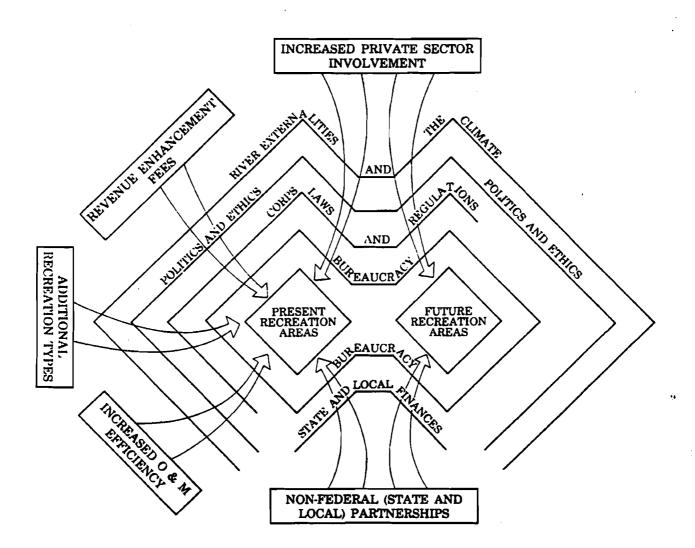
77711	LOCATION	ALLOW WENT TO	RSON INTERVIEWED	POSITION/FIRM OR AGENCY	MOTIVATION
vitaneas	Little Rock	Hult	Greg Butts	Mgr, Plan & Dev, AR of Opt Parts & Yourism	interested State
		•	Richard Davies	State Parks, Director " "	•
		•	Chris Peak	Mgr, Admin, " "	•
		•	Robert Gruber	Resort Grp VP, Fairfield Communities	Developer at Corps Lake
eorgia	Atlanta	Pussel/Huff	J.D. Wingfield, Jr.	Snr VP, Hammer, Siler, George	Oct 80 Mg
-	•	•	Roy Burson	Exec Dir, Lake Lanier is Dev Auth	Master League at Lake
	Lake Lanier	•	Tim Crawford	Principal, Rosser Fabrep	Oct & Mag
inois	Shelbyville	Feather	Ed Forestor	President, Engle Creek Resort	Lake Shelbyville Develops
diana	Indianpolis	Hull	Jack Costello	Dep Dir, Land, Forest, Wildlife; IN Dept of Nat Resources	Innovative State
	Columbus	Hulf	Robert My	Proprietor, by Architects	Ocr 80 Mg
	Jackson	•	John Hortin	Assoc. Dir, Trouist Dev, MS Dpt of Econ & Comm Dev	Innovative State/Ind Rec
issouri	St. Louis	Feather	Tony Giardina	U.S. Army Corps of Engineers	Eagle Creek Development
	•	•	Tom Hewlett	•	-
	•	•	Jack Niemi	•	•
	•	• •	Woodrow Sandlin	-	•
	•		Chuck Franko	•	<u>-</u>
	•	•	Bill Leven	•	•
Dakota	FL Yales	Feather	Peter Capossola	Staff Att'y, N. Dekota Dpt of Water Resources	Following up interview list
regon	Corvalis	Feather	Perty Brown	Chair, Dpt of Resource Recreation Mgt, OSU	Interview But
	Pontland	:	Dick Webster	US Army Corps of Eng	Northwest Rec Group
	Pontand	·	Jack Ardner		
	Salem	•	David Talbot	Dir, Parks & Rec Div OR Dpt of Transportation	Interview List
C.	Columbia	Huff	Mike Copeland	Pres, Foursaine Co.	Oct 86 Mitg
	McCormick	•	Morrison Parrott	Exec Director, Savaranah Valley Authority	Oct 86 Mtg/Indepen Rec
	•	•	Bill McLaughlin	Deputy Dir	• •
Dakota	Aberdeen	Brown	Lesser Goech	Potential Developer	Potential Developers
	•	•	Kan Gosch	•	
	Chamberlain Kennebel	Familier	Dine Branck	Exec Dir, Lake Francis Case Devel Corp	Local Rec Developer River Reach Reset
	- MULTIPOSI	Peacher	Raymond Soe Richard Rauer	Lyman Co Commission	PROFES PROFESSOR
	Mobridge		Larry Atkinson	Est & Duby House Dir & D. But of Tourism)	River Ranch Resort
	Cacoma		Alice Hutmacher	Ed & Pubt, (former Dir, S.D. Bd of Tourism) City of Oscoms	River Ranch Resort
	· Caccing	•	Larry Gledd	City of Calcula	Lincoln Lower Land Address Park
	Pierre	•	John Brakes	Pres, Spring Creek Respirt, Inc.	Concessionaire
	4	•	Tim Edman	S.D. Governor's Office	River Ranch Report
	•	•	Bob Harriord	S.D. Econ Development	-
	•	Brown	Doug Haler	Dir, Parks & Recreation, SO Dot Parks	Interview List
	•	•	Dee Dee Raco	S.D. Dect of Tourism	S.D. Touriern Devel Comm
	•	•	West Broar	Exec Dir, Great Lakes of S.D. Assoc	Recreation Promoter
	Sioux Falls	•	David Sweet	Pres, Regency Inns Mgt Inc	River Rench Resort
	Yankton	Feather	Greg Henderson	Dir, S.D. Plenning & Devel Dist III	River Rench Resort
ehingto	n Seattle	Feather	Ron Hyra	Outdoor Rec Planner, Nat Park Svc	Northwest Rec Group
	•	•	Phil Parker	Chief, Concessions Mot. Nat Park Svc	•
			Mike Tolleteon	Concessions Mot. Nat Park Svc	

<sup>4 &</sup>quot;Oct. '88 Meeting' refers to a preproposal meeting for private sector recreational development held in Atlanta, GA

•

### OBJECTIVES AND DEFENSES: The National Recreation Study

FIGURE 1-1



### SUMMARY OF THEMES

As themes, we take the identified barriers to successful attainment of the major goals of the study -- the defensive lines of Figure 1-1. We begin with those barriers that are caused by conditions over which the Corps has (or at least <u>seems</u> to have) little control and then work progressively toward the problems that appear to be created by the Corps itself.

- a. The imperatives of the natural world. There are two important subthemes here:
  - (i) The climate of those parts of the U.S. in which most Corps projects are to be found restricts mass, water-oriented recreation to a few months each year. The severity of the restriction varies from the southeast, where fishing and boating can be possible and even pleasurable for as much as ten months, to the northern middle west, where really harsh winter weather may last for three or four months, and where another three or four months are so chancy as not to encourage people to plan to participate. The effect of this climate reality is to make it hard for private enterprise to succeed in offering water-oriented recreation as a sole or even major product. Even the golf course is prey to climate to some extent. Recreation businesses of the type that can make particular use of Corps-owned sites are thus condemned either to a tough fight for survival or to being the marginal inducements at a conference destination resort. This, in turn, implies that the advantage of Corps sites over other sites is substantially less than meets the eye on a lovely summer day.
  - (ii) The realities of rivers and the original purposes of most Corps reservoirs further reduce the advantage of Corps land for private recreation providers. If water has to be released to maintain downstream navigation flows in a drought or has to be stored to prevent downstream flooding due to rain or snowmelt, businesses along the reservoir may suffer badly, losing the use of boating facilities (e.g., dry slips) or suffering from problems of appearance and inconvenience that go with flooding.
- b. Ethical and political positions and concerns. Three major subthemes surfaced in interviews in which this broad theme was touched on:
  - (i) There is a feeling within the Corps that an ecological imperative drives, and should drive, the management of Corps land. This imperative may be summarized usefully as protecting the natural look and feel of the lands around reservoirs. It seems to be widely believed within the Corps that private recreation developers do not share this ethic; that they will inevitably and regularly sacrifice woods, shorelines, wetlands, and even man-made artifacts such as old burial grounds. This belief leads both to practical efforts to anticipate and prevent it and, more damagingly, to the assumption that "private" equals "irresponsible."
  - (ii) Another ethical position that becomes a political position is that fees should not be charged for access to recreation opportunities (forgetting for the moment any legal stipulations that some kinds of fees cannot be charged.) This view taps an old theme in American public policy. It rests on an uneasy combination of concern for middle-class taxpayers who have "already paid once" for the facility and of poor people who, it is asserted, will be prevented from visiting and enjoying the psychologically healing experience of outdoor recreation.

- This position clearly has negative implications both for the viability of private enterprise and for the Corps' own "revenue enhancement" option.
- (iii) A third ethical theme with political overtones is that of the proper object of state recreation programs. In brief, unless such programs are under the direction of a state department charged with encouraging economic development, they run afoul of the idea that recreation opportunities should be provided only for state citizens and taxpayers. To the extent that Corps sites are regionally attractive, this view prevents the potential from being tapped.
- c. Constraints created by economic reality at nonfederal levels. There is really one major and one minor theme here:
  - (i) The major problem is the same one that is driving the Corps' national study: concern about government budgets. One might think of a pendulum in public life, swinging between the extremes of concern for public values, with attendant willingness to tax and spend to pursue those values, and concern for purely private values and consumption, with attendant unwillingness to tax away private incomes. If the 1960s and early 1970s saw the pendulum cross to the public extreme and start back, the early and mid-1980s have seen an extreme of private centeredness, a condition that in the 1950s came to be called the Affluent Society Syndrome. The pendulum may be starting back toward the middle, as all-too-evident public problems capture the electorate's attention, and political leaders tentatively experiment with suggesting that additional public money might be well spent in trying to solve them. But until this pendulum goes a considerable way in that direction, there is unlikely to be slack in most state or local budgets for acquiring new recreation responsibilities.
  - (ii) A minor subtheme here, and one that is hard to assess, is the claim that it is impossible for state government at one time to bind a later one. For example, a state park agency may enter into a Corps lease in 1990, but in 2000, a new legislature has the power to break the lease -- or so respondents seem to think. As a theoretical matter, this may be true. But one does not see wild zigzags in state policies on other matters; and it seems doubtful that outdoor recreation would be uniquely subject to them.
- d. Constraints created by laws and internal Corps regulations. Subthemes mentioned here include:
  - (i) Lease terms are widely considered too short for private developers. Fifty years was often mentioned as a sufficient term, while terms between five and thirty years appear, at least to outside observers, to be preferred by the Corps. This is a well-known tension in several areas of policy -- for example, the creation of marketable pollution permits. The need to protect agency "flexibility" is seen as paramount; and the desire of private firms to be able to plan for the long haul is not seen as important.
  - (ii) Limits on the length of stay allowed at Corps campgrounds and other facilities are also seen by private and even state people as too restrictive. This problem appears to be related to underpricing. When camping space prices are lower than what the market price of comparable land suggests they should be, it will be attractive for owners of campers to effectively create a second home on almost rent-free ground. A private firm would

have no motivation to underprice, and this would make semipermanent camping much less attractive. But if underpricing were attractive for a few customers, the private firm would like to be able to take advantage of it.

- (iii) Prohibition against the sale of alcohol or discrimination against distilled spirits or against drinks sold in bars as opposed to restaurants also diminishes private-sector freedom of action and profit potential. This general policy may reflect the rural and Southern power bases of many early congressional supporters of Corps projects. It is currently justified by reference to the goal of providing "family recreation opportunities." The vision seems to be of seedy cocktail lounges full of lewd, predatory, and potentially violent drinkers who would travel to a Corps project for an exciting Saturday night rather than stopping in their local version of Nashville's Nolensville Road or Baltimore's "Block." A competing vision would be offered by a visit to any of a large number of upscale destination resorts, such as The Homestead, The Cloister, or The Broadmoor. Drinks may be available nearly all day and late into the night, but most people are too busy to drink. Now, it may be that there is a class, and hence a pricing, connection here. If so, the ethical (distributional equity) view that low or zero prices are good is in conflict with the view that drinking is bad.
- (iv) This brings us to pricing regulation. The Corps evidently maintains the authority to review and approve prices to be charged by its lessees. To the extent that below-market prices are encouraged, other problems are created and with them the apparent need for additional regulations. And, of course, below-market prices make it that much harder for private firms to make a profit and encourage cutting corners on maintenance and service.
- e. The final theme -- undoubtedly the most pervasive in the interviews and certainly the closest to home for the Corps is that of bureaucratic behavior by Corps officials at every level. There is no point in repeating the many unflattering phrases used by respondents to convey their feelings on this subject. They can be discovered in the narrative summaries. But we can break out a few specific subthemes that show the symptoms observed on the ground.
  - (i) Many respondents commented on what they perceived to be inconsistency of purpose or goal across the Corps' administrative layers. For example, if the local project contact was trying to be helpful and encouraging to a private development, the opposite would be true at some higher level. The result could be contradictory requirements and approval reversals and the general impression that the Corps could not speak with one voice on anything.
  - (ii) Respondents also felt that Corps personnel were prisoners of their regulations. This complaint could, in some cases, simply be a coded version of "they won't let me do what I want." But since regulations are always added to, never subtracted from -- and since the regulations have to try to serve many inherently inconsistent purposes, as has been noted above -- this general notion that such a barrier exists is entirely plausible. Significantly, however, none of the respondents had any better suggestions than vague calls for "flexibility."
  - (iii) Several respondents cited the delays created by elaborate approval processes, with chains reaching right up to the Office of the Chief of

Engineers. More than one respondent cited two years as the expected time for approval of a recreation development. This seemed excessive to those who mentioned it, but it is difficult without more study to conclude that this is absolutely out of line with, say, obtaining zoning approval for a shopping mall or apartment complex in any randomly chosen city.

In the following two chapters, the reader will find most of these themes repeated and reinforced. In Chapter 2, the participants in a conference of Corps of Engineers natural resource managers have a chance to define their position over a prespecified set of options for meeting the goals specified by the Assistant Secretary of the Army (Civil Works). The results will throw some interesting light on the above ideas about pricing, private development, local management autonomy, and central bureaucracy.

#### **CHAPTER 2**

### THE NASHVILLE WORKSHOP

In February, 1990, at the biennial conference on natural resource management held in Nashville, Tennessee, one half-day was devoted to a facilitated workshop on recreation management options. The goals of the workshop were to:

- inform the Corps personnel present of the purpose of the study and of its potential longrun impact on Corps projects and thus on their jobs
- use the experience and expertise of the assembled managers to assess the options for recreation management generated to that point by the study team and its committees
- tap the imaginations of the managers to help develop additional options

Approximately 150 Corps personnel participated in the questionnaire portion of the workshop (see Appendix B for the full questionnaire used). It was expected that there might be some tensions at the workshop because the study might well be perceived as a threat to methods of operations and even to jobs. In addition, it was anticipated that incomplete and quite probably inaccurate information about the study was circulating in the field and division offices. In the event, to say that emotions were running high was an understatement.

An electronic mail message had been circulated widely only days before the conference that could be interpreted to say that the Corps of Engineers was getting out of the recreation business. Many participants perceived their jobs to be in direct jeopardy and their operations to be in for major change. In essence, as often heard before, during and after the first session, the perception was that this study was merely a cosmetic gesture carried out prior to doing what upper management wanted to do -- i.e., get out of the recreation business.

The overview of the Corps Recreation Study provided by the Executive Director of the Recreation Task Force, gave a complete overview and brought the audience more up-to-date on what had been done and what was expected of the study. Yet, in spite of this overview, the following question-and-answer session demonstrated the persistence of concerns about lack of information and the future role of the Corps of Engineers in recreation management. Numerous attendees raised questions and sought clarification. Some challenged the validity of even doing such a study. At that point, very little more could have been done short of having the Chief of Engineers provide similar information and repeat with authority that he intended a continuing role for the Corps of Engineers in recreation projects.

The lead facilitator from Planning and Management Consultants, Ltd., provided a brief overview of the small group breakout sessions which were to follow. The desire to tap the participants' experience and expertise concerning the "strawmen" was emphasized. Also, the random assignment process for small breakout groups based on order of registration was explained.

It was also noted that ratings provided by individuals would be reported anonymously to the study team. Attendees were instructed that providing their names was optional and that the only use of names would be to develop a list of contacts which might be asked for advice about those options for which they indicated having had extensive experience.

### SMALL-GROUP BREAKOUT SESSION

The participants proceeded to their randomly assigned breakout groups. The process used for random groupings appeared to work quite well, with only minor exceptions. Slight variation in group size did not appear to affect the group process.

The highly charged, emotional environment spilled over to each of the small-group breakout sessions. During the debriefing session, all facilitators and recorders noted the hostility or highly charged signals which were apparent at the beginning of the sessions. Several of the more vocal participants appeared to challenge almost every facet of the enterprise, from the overall study, to the use of forms, to specifics on the forms. It would have been desirable to have had more groups, thus allowing for additional opportunity for interaction and reduction of emotions. In the circumstances, it was a challenge to provide adequate opportunities for people to offer insights and information.

The first major activity of the small breakout sessions was the completion of the rating forms. The process was explained in greater detail in each of the small groups. One area that seemed burdensome was the entry "Extensive experience with the following project(s) related to this set of options." People expressed confusion about what was meant and were also concerned with the lack of uniform level of experience among the participants.

Each breakout session began with a questionnaire that focused on a different group of options. These assignments were made as follows:

Option Group		Breakout Group
I.	Ways to Increase Private and Nonfederal	
	Involvement	Α
II.	Increase Revenues	В
III.	Budget Augmentation	c
IV.	Operation and Maintenance Efficiencies	D
V.	Increased Recreation Opportunities	D

When a breakout group completed evaluation of an option group, it evaluated another option group. This process insured proper coverage of each option group.

Participants were asked to rate options on two dimensions<sup>1</sup>: their anticipated effect on recreation opportunities at Corps projects and their anticipated effect on federal budget burden. Ratings on each dimension were to vary from 1 to 5, with 5 indicating the "good" end of each dimension (from the study's point of view) and 1 indicating the "bad" end. The range of rating possibilities is illustrated in Table 2-1.

Participants were also encouraged to write in comments, prefacing them with a "+" for an "opportunity" or a "-" for a "constraint." It might have been clearer to participants if there had been "x the choice" blanks with the choices provided from above. While this would have substantially increased the volume of paper, it would have simplified the process. Several comments were offered by participants about the clarity of some options (e.g., double phrases, the use of the word "all," etc.). It was suggested that before these or similar options went further, they be reviewed and clarified.

<sup>&</sup>lt;sup>1</sup> Regrettably, one group (D) appeared to have some mixed instructions on the voting procedures. In order to maintain data quality, that group's Options (IV and V) were not compiled with the data found in other sections of this report.

### TABLE 2-1

### **OPTION RATING**

# Rating Meaning Rating Meaning 5 Increases recreation opportunity 5 Reduces federal burden 3 Has no effect on recreation opportunity 3 Has no effect on federal burden 1 Reduces recreation opportunity 1 Increases federal burden

After the rating forms were completed, people were asked to move into smaller "buzz groups" to discuss their options/ratings/comments and to prepare to report back to the others in the breakout area at the end of the iteration. A spokesperson either volunteered or was elected within each buzz group to report the group's general comments. While the posting of information was of interest to the group, it was to be noted to all groups that the main information was to be gathered via the rating forms and to reinforce the importance of writing down their comments on their forms. The buzz group technique appeared to work quite well. People had the opportunity to share insight with each other. They also heard many similar comments from other buzz groups on the same options.

### RESULTS

Results of the breakout group option-rating exercise may be summarized and analyzed in a number of ways. In Table 2-2, we report the responses to every option in terms of the percentage of respondents who viewed that option either positively or negatively. Our definitions of positive and negative in terms of the two rating dimensions are as follows:

A response counts as <u>positive</u> if the ratings were 4 or 5 on federal burden reduction <u>and</u> 3, 4, or 5 on recreation opportunity enhancement.

A response counts as <u>negative</u> if the ratings were 1 or 2 for <u>both</u> federal burden <u>and</u> recreation opportunity enhancement.

Table 2-2 is arranged within each option group in descending order of percentage positive responses. The complete raw data on which this summary table and subsequent analysis are based were presented in the interim report<sup>2</sup> on the Nashville Workshop and are not repeated in this report.

<sup>&</sup>lt;sup>2</sup> Planning and Management Consultants, Ltd., 1990. <u>Interview Report Themes and Suggestions</u>
<u>From Personal Interviews Carried Out As Part Of The National Recreation Study</u>. Carbondale, IL.

TABLE 2-2
POSITIVE AND NEGATIVE RESPONSES TO THE MANAGEMENT OPTIONS

### A. OPTION GROUP I: WAYS TO INCREASE PRIVATE AND NONFEDERAL INVOLVEMENT

OPTIONS:		RESP	ONSES
		% Positive	% Negative
IW IM	Charge appropriate market value fees for outgrants Relax Corps 14-day camping restriction	61.7 45.0	5.9 12.5
IC	Economic promotion/marketing to encourage leasing	42.5	12.5
IK	Lengthen term of lease to allow long-term financing	39.4	7.9
IF	Ease cost-sharing restrictions	37.5	2.5
ΙU	Funded cost-share program	36.8	5.3
IL	Eliminate/reduce restrictions on lessees	36.1	5.6
IA	Reduce restrictions on private exclusive use	31.7	14.6
IZ	Make available shorelines to adjoining groups	31.5	23.6
IE	Liberal partnershipping and/or cost-sharing	30.7	12.8
IR	Foster regional organizations to promote area lakes	30.0	7.5 22.5
IO	Encourage college/university to run parks	30.0	22.5
IS IAB	Liability insurance	29.7 20.4	13.5
IJ	Provide more authority to field to make deals	29.4 28.5	14.7 11.4
ID	Provide leasing incentives Use Corps resources to develop promotion program	26.5 27.5	7.5
IQ	Allow several recreation areas in a single lease	27.5 27.5	10.0
ΪΑΑ	Reduce restrictions on disposal of excess property	26.4	26.4
IX	Declare a free fire zone along shoreline	25.7	40.0
IP	Encourage "members only" recreation developments	25.0	32.5
ÏV	Rent-to-own	23.6	42.1
IN	Allow park operators to charge discriminatory fees	23.5	32.3
II	Seek legislative authority to acquire land	23.0	20.5
ĪΒ	Allow residential developments on Corps land	23.0	23.0
IT	Rental rebates	22.5	7.5
IG	Offer low-interest, long-term federal loans	22.5	15.0
IH	Lease lands for public recreation	20.0	10.0
IY	Reduce restrictions/requirements on lessees	20.0	20.0

### B. OPTION GROUP II: WAYS TO INCREASE REVENUES

OPTIONS:		RESPO	NSES
		% POSITIVE	% NEGATIVE
IIK	Return of revenue to Corps from concessions	72.5	2.5
IIAJ	Sale of surplus property revenues to project	66.6	3.3
IIL	Charge equitable fee for processing permits, etc.	65.8	0.0
IIAG	Charge lease revenues and return to Corps	63.6	6.1
IIQ	Shoreline use permits	63.4	4.9
IIAM	Revenues from fees should go back to the project	62.0	0.0

### TABLE 2-2 (Continued)

### POSITIVE AND NEGATIVE RESPONSES TO THE MANAGEMENT OPTIONS

IIB	Charge a variable rate for camping sites	60.9	4.9
IIP	Golden Age and Golden Eagle Passports	60.9	4.9
IIAF	Turn powerhouses to others/receive part of profits	60.0	3.3
IIF	Develop special event areas and charges	57.5	5.0
IIR	Concession rents	56.0	4.9
IIG	Reduce restrictions to encourage concerts, etc.	51.2	4.9
IIE	Eliminate the free-camping requirement	48.7	7.3
IID3	Firewood	48.7	9.8
IID4	Expand number of commercial activities allowed	48.7	12.1
IJ	Allow sale of items Corps could offer but has not	48.6	5.4
IIZ	Cabin rental	48.6	5.4
	Rent-a-Tent	47.5	7.5
IIAB	Expand facilities	47.3	0.0
IIC	Expand authority to include charging day use fees	46.3	7.3
IIV	Lottery tickets	46.3	19.5
IIJ3	Sale of merchandise (T-shirts, brochures, etc.)	45.0	7.5
IIJI	Loosen restrictions on sale of ice, beer, colas, etc.	43.9	17.0
IIS	Sell advertising	42.8	7.1
IIW	White water releases	42.5	7.5
IIAN		41.3	17.2
IIAD	Oil and gas lease revenues	40.5	8.1
IIU	Gambling	40.4	33.3
IIA	Implement nationwide reservation system	36.5	4.9
IIT	SRUF funds	35.0	7.5
IIAI	Liberalize cost-share provisions	34.3	9.4
IIM	Promote recreation areas nationally/internationally	33.3	9.5
IIAH	Parking permits for boat launch areas	32.3	20.5
IIAC	Surcharge on peak weekends	30.7	10.2
IIAL	Develop/standardize maintenance requirements	29.6	3.7
IIO	Establish Corps membership campgrounds nationwide	29.2	7.3
IIY	1-900-Number	28.2	7.7
IIJ4	Sell recyclable materials from public use	27.5	7.5
III	Charge rent for use of Corps facilities	27.5	10.0
IIN	Charge for recreational boats going through locks	27.5	15.0
IIAK	Charge aircraft for use of public lands	26.6	16.6
IIAO	Charge for fishing guides/tour license on lakes	25.9	18.5
IIAP	Solicit funds from other federal agencies	25.9	22.2
IIJ2	Sell visitor survey information, zip codes, etc.	20.0	32.5
IIH	Have the Corps purchase recreation equipment	17.5	20.0
IIDI	Access for hunting, fishing, or trapping	17.0	29.2
IIX	Itinerary-planning service to campers for a fee	15.3	7.7
IID2	Boat licenses	14.6	26.8
IIAE	Admission fees to visitor centers	14.2	31.4
IID5	Charge for certain ranger activities	10.0	30.0
111/3	Charge for certain ranger activities	10.0	JU.U

### TABLE 2-2 (Continued)

### POSITIVE AND NEGATIVE RESPONSES TO THE MANAGEMENT OPTIONS

### C. OPTION GROUP III: GENERATING NONAPPROPRIATED FUNDS TO USE IN MANAGING RECREATION

OPTIONS:		RESPO	NSES
		% POSITIVE	% NEGATIVE
IIIF	Organic Act	79.1	4.2
IIIH	Fees from other project purposes	62.5	16.6
IIIB	Encourage sponsorships to promote financing	54.1	4.2
IIIG	Excise taxes	54.1	8.3
IIIE	Establish Corps recreation trust fund	50.0	4.2
IIIC	Develop challenge grants program	41.6	12.5
IIIA	Develop program to solicit voluntary donations	37.5	16.6
IIIK	CETA Program	37.5	16.6
IIIL	Encourage the increased use of volunteers	35.2	11.7
IIIJ	Prisoners and juvenile offenders	34.7	30.4
IIIN	Increased leasing with Corps getting 100% of funds	28.5	14.2
IIIP	Change the O&M budget and operating statements	27.2	18.1
IIIO	Vending machines in recreation areas	23.0	53.8
IIII	Armed services involvement	13.6	45.4
IIID	Conduct land sales w/receipts to recreation O&M	13.6	<b>59.0</b>
IIIM	Provide campgrounds for homeless for O&M services	0.0	75.0

### D. OPTION GROUP IV: WAYS TO INCREASE OPERATION AND MAINTENANCE EFFICIENCY

OPTIONS:		RESPO	
		% POSITIVE	%NEGATIVE
IVE	Adopt a "one-stop outgrant service"	63.1	5.3
IVH	Encourage consolidation/renovation of facilities	62.8	2.9
IVB	Allow on-site manager to determine use of his money	57.1	11.4
IVM	Minor concessions	56.7	2.7
IVU	Check efficiency of other Corps elements	56.6	6.7
IVP	Signage	51.4	5.7
IVO	Cost-sharing agreements	51.3	2.7
IVI	Encourage use of volunteers and remove restrictions	50.0	16.6
IVF	Reduce the frequency of in-house inspections	45.9	10.8
IVG	Monitor facility use level	43.2	0.0
IVS	Division management	42.8	5.7
IVC	Swap out recreation areas with other agencies	38.2	32.3
IVJ	Institute adopt-a-park programs	33.3	22.2
IVR	Self-collection of camping fees	33.3	30.3
IVD	Reorganize for more efficient operation	32.3	20.5
IVQ	Retirement payment	29.4	11.7
IVÀ	Initiate peer review proces	29.4	14.7

### TABLE 2-2 (Continued)

### POSITIVE AND NEGATIVE RESPONSES TO THE MANAGEMENT OPTIONS

IVK	Encourage professionalizing	28.5	14.2
IVT	Satellite work centers on very large projects	22.5	32.2
IVL	Visitor centers	22.2	13.8
IVV	COE management of military recreation	20.6	27.5
IVN	Commercial activities program	14.7	38.2

### E. OPTION GROUP V: WAYS TO INCREASE RECREATION OPPORTUNITIES

OPTIONS:		RESPO	NSES
			% NEGATIVE
VC.	As warranted, reopen/renovate closed areas	40.0	2.9
VB	Allow more local community-type recreation	33.3	5.6
VG	Corps-sponsored event	31.4	5.7
VE	Cooperate with the local business community	28.5	5.7
VA	Provide test sites for experimental recreation	26.4	8.8
VF	Emphasize research support programs	26.4	17.6
VH	American Youth Hostels	26.4	32.3
VD	Assist in promotion of regional economic development	14.2	8.6
VJ	Emphasize opportunities of cooperation	13.6	22.7
VI	Set up package deals for schools for off-season use	12.5	8.3

### Comments on Table 2-2

The general view of Group I management options was not highly positive: feelings were more "middle-of-the-road." As seen in Table 2-2, the most popular option by far (61.7% positive and 5.9% negative) was to move towards market prices for outgrants. This was the only option that had 50% or more in the positive ranking area. Relaxation of the fourteen-day camping restriction was the next most popular option with 45.0% positive and 12.5% negative. The third and fourth highest-ranked options dealt directly with lessees by promoting ventures through economic incentives and allowing longer leases.

The least popular option was to reduce the regulatory restrictions and reporting requirement by lessees (20% positive and 20% negative). The most negatively perceived option, on the other hand, was the rent-to-own option for small business interests (42% negative responses).

The Group II options, dealing with ways to increase revenues, were generally well received. Twelve of the fifty options discussed had positive rankings above 50%. Another sixteen options had rankings above 40%. The most popular option was to return revenue from lessees to the Corps (72.5% positive and 2.5% negative). The second highest-ranked option was to return revenues generated by surplus land sales to the project. This highly ranked option, along with fifteen others, was added to the original set of options during an open discussion of the participants. Charging a realistic fee for permits and leases was the next highest option. No one ranked this option in our negative region.

Collecting fees for ranger activities or services was the lowest-ranked option (10% positive and 30% negative), and collecting fees at visitor centers was ranked second lowest (14.2% positive and 31.4% negative). Gambling and sale of visitor information had the highest negative percentages (32.5 and 33.5 percent, respectively).

Nearly one-third of the Group III options, involving generation of nonappropriated funds for use in recreation management, had positive percentages of 50% or more. The highest-ranked option, "Obtain eligibility for Land and Water Conservation Funds", received very high support (79.1% positive and 4.2% negative). Allocating revenue from other project purposes, e.g., hydropower, was the second highest-ranked option (62.5% positive and 16.6% negative). A sponsorship program for corporate sponsors was also a well-received option, as was the option to collect excise taxes on recreation vehicles.

Campgrounds for the homeless in exchange for operation and maintenance labor was rejected strongly. In fact, it received the highest level of rejection of any option in any group (0.0% positive and 75.0% negative). The next to lowest ranked option was to sell land with receipts going toward recreation.

There was a generally positive feeling toward the Group IV options which involved ways of increasing the efficiency of recreation management. In fact, the group had the highest percentage of options above 50% positive of any of the groups (36%). The most popular option was to give the local Corps manager authority to provide "one-stop outgrant service" to interested parties (63.1 positive and 5.3% negative). The next ranking option was to consolidate and renovate facilities to enhance O & M efficiency; this received about as much approval as the highest-ranked option, with slightly less opposition (62.8% positive and 2.9% negative). Allowing the on-site manager full authority to determine where money at his/her site goes was the third highest-ranked option (57.1% positive and 11.4% negative).

Determining the feasibility of using outside contractors for various operation and maintenance activities was the least popular option (14.7% positive and 38.2% negative). An option presented during discussion at the workshop, Corps' management of military recreation and Natural Resources, was not well received (20.6% positive and 27.5% negative). These lower-

end options were, however, not as negatively perceived as were the low-end options in other group rankings.

Overall, the options in Group V, involving ways to increase recreation opportunities, were not very popular. Not one of the ten options presented received positive responses from 50% of the participants. Reopening closed areas was the most popular option (40.0% positive and 2.9% negative). The next highest option, which was to allow construction of more tennis court and swimming pool-type recreation facilities, was only marginally accepted, as compared to the second highest options of the other groups (33.3% positive and 5.6% negative).

Emphasis on cooperative opportunities with other associations was the lowest-ranked option. Converting Corps facilities to youth hostels received the highest percentage of negative response (32.3%) but also received "some" positive response (26.4%). This suggests an interesting split.

### Summarizing the Results

This exhaustive listing of options and the positive and negative responses to them is interesting but a bit overwhelming. It is also difficult to know just what to make of the results in the broader context of the study. For example, they may help to eliminate from further consideration some options that are so negatively viewed within the Corps as probably not to be worth the implementation struggle. But a hefty positive score is hardly a sufficient condition for pushing an option forward, since the public is at least as much concerned with the outcomes here as are Corps managers.

Two kinds of simple statistical manipulation can help us search for patterns in this mass of data, patterns that should be useful to the leadership of the Corps in anticipating problems with the options ultimately pushed and in designing appropriate implementation systems. The first thing we can do is to aggregate the individual options into broader option types -- e.g., all options having to do with introducing or increasing fees; or all options dealing with budget augmentation. This can help us see whether or not certain classes of potential actions are viewed more positively than others. (The option groups, I...V, as used in the workshop are only roughly indicative of option types in the sense meant here. This will be seen more clearly below when the aggregation rules are set out.)

The second statistical operation we can try aims at determining whether any of the identified and "measured" characteristics of the respondents is systematically related to their responses. This information can help the Recreation Task Force interpret and use the results. This will be accomplished below through the estimation of a simple linear regression model.

### Aggregating Options

To begin with, we defined eight aggregated response variables:

FEE aggregates options that involve new, increased, or "more realistic" fees for products or services. Includes responses to the following questions:

IA, IN, IP
IIB, IIC, IID1, IID2, IID3, IID4, IID5, III, IIJ1, IIJ2, IIJ3, IIJ4, IIL, IIN, IIO, IIP, IIQ, IIR, IIS, IIW, IIX

INNOV aggregates options that involve special events or new departures such as using CETA (sic) youth. [(sic) because CETA doesn't exist anymore and its replacement, JTPA, does not fund public-sector jobs.] Includes responses to the following questions:

ID, IO
IIA, IIF, IIG, IIU, IIV,
IIIA, IIIB, IIIC, IIIJ, IIIK,
IVI, IVJ,
VA, VB, VF, VG, VH

BRUL aggregates options that involve changing Corps budget rules to favor recreation. Includes responses to the following questions:

IIK, IIT, IIIH

BAUG aggregates options that involve augmenting the Corps budget to help the recreation activity. Includes responses to the following questions:

IG, IH, IIH, IIIE, IIIF, IIIG

EASE aggregates options that involve easing one or another rule or set of rules to attract private or state/federal partners. Includes responses to the following questions:

IB, IE, IF, II, IJ, IK, IL, IM, IQ, IS, IT, IU, IV, IIE

PROM aggregates options that involve making new or enhanced promotional efforts for Corps recreation sites. Includes responses to the following questions:

IC, IR, IIM, IIY, IVG

LAUT aggregates options that involve giving increased autonomy to lower-management levels, with the aim of increasing efficiency of operations. Includes responses to the following questions:

IVB, IVE, IVO, IVP, IVS

EFFY aggregates options that involve minor efficiency-related actions. Includes responses to the following questions:

IVC, IVF, IVH, IVL, IVM, IVR

Notice the following about these definitions:

- There is not a one-to-one correspondence between the groups (I...IV) and the aggregated variables, even though the group questionnaires were designed to concentrate on particular themes. This is important because it implies that we observe a larger fraction of workshop attenders rating the individual options within our option types than we would have, if we had aggregated over each questionnaire.
- Some questions are not included in any aggregated variables:
  - IVA, IVD, IVK, IVQ, VC do not seem to fit any broader concept.
  - IVN, VD, VE involve stressing local economic development, but even aggregated there are not enough observations.

• IIID, IIII involve selling assets, but again, even after aggregating there are not enough observations.

In order to get an overview of the appraisal of the broad option types represented by the aggregated variables just defined, we can look at the means of all the ranking scores assigned by all the respondents to all the included questions. These results are included in Table 2-3.

Perhaps the surprising thing about these results is how similar the rankings are, at least upon casual inspection. That is, on average the workshop participants viewed all the option types in a neutral-to-slightly-positive light. But of course the averages conceal very great differences between individual participants. For every one of these option types, the range of scores given by individuals to individual questions ranged from 0 to 5 on the recreation and funding dimensions and from 0 to 10 for the sum of those dimensions. This variation in answers is captured, at least in summary form, in the standard deviations that are also reported in Table 2-3. Using these measures -- means and standard deviations -- it is possible to test for the significance of the apparently fairly small differences in scores of the option types.<sup>2</sup>

The result of these tests is to show us that there are effectively two groups of option types:

Those viewed	Those viewed
more positively	less positively
BRUL	FEE
PROM	EASE
LAUT	EFFY
	INNOV

The BAUG option type is not viewed significantly differently from most of the members of either group (if the significance level of the t-test is set at 5 percent).

Therefore, it seems that Corps managers who deal with natural resources and real estate (the principal types represented at the Nashville Workshop) are more enthusiastic about options that:

- change Corps budget rules to favor recreation
- promote recreation at Corps sites
- allow lower level Corps managers more authority to make recreation decisions

than they are about options that:

$$t = (\overline{x}_1 - \overline{x}_2)/\sigma_u$$
 is distributed as Student's t  
where  $\overline{x}_i = \text{mean of the } i^{\text{th}} \text{ sample};$   
 $\sigma_u = [\sigma_x^2 [(1/n_1) + (1/n_2)];$   
 $\sigma_x^2 = (n_1 s_1^2 + n_2 s_2^2)/(n_1 + n_2 - 2)$   
 $n_i = \text{sample size of } i^{\text{th}} \text{ sample};$   
and  $s_i^2 = \text{variance of } i^{\text{th}} \text{ sample}.$ 

<sup>&</sup>lt;sup>2</sup> The test for significance of two means from samples of different size and exhibiting different standard deviations is as follows:

TABLE 2-3

MEAN SCORES OF OPTION TYPES
(AGGREGATED VARIABLES) OVER ALL RESPONSES TO
INCLUDED QUESTIONS<sup>8</sup>

Option Type	Total Observation <sup>b</sup>	Recreation Score	Funding Score	Total Score
FEE	912	2.94 (1.17)	3.28 (1.22)	6.22 (1.97)
INNOV	680	3.29 (1.24)	3.04 (1.28)	6.33 (2.74)
BRUL	96	3.46 (1.16)	3.56 (1.29)	7.02 (2.12)
BAUG	178	3.58 (1.30)	2.94 (1.41)	6.52 (2.26)
EASE	496	3.17 (1.43)	2.92 (1.40)	6.09 (2.50)
PROM	185	3.60 (1.11)	3.03 (1.19)	6.63 (2.03)
LAUT	165	3.44 (1.34)	3.56 (1.34)	7.00 (2.46)
EFFY	198	2.96 (1.31)	3.27 (1.35)	6.23 (2.43)

<sup>&</sup>lt;sup>a</sup> Figures in parentheses are standard deviations of calculated means.

<sup>&</sup>lt;sup>b</sup> Total observations equals number questions aggregated times number of individuals answering each question.

- involve charging fees for previously free activities or increasing already existing fees
- relaxing the rules that govern relations with private or nonfederal public developers and managers
- strive for increased efficiency in recreation management

Such a result is hardly surprising, for the second set of options involves either going against the strong public-interest ethical strain within the Corps (see Chapter 1 for more on this) or making life more complicated and fraught with tensions with users. The first options aim at bringing in new resources from elsewhere in the Corps; increasing use and thus, quite probably, the political power of the managers; and letting local managers manage more independently. Whether these favorably viewed options could actually deliver on the goal set out by the Assistant Secretary of the Army (Civil Works) is guite another matter, it need hardly be said.

### Relating Preference Patterns to Respondent Characteristics

The second question we can address to the Nashville Workshop data is whether there is any systematic relationship between the characteristics of a respondent and that respondent's rankings of the options. Unfortunately, we do not know a great deal about any of the respondents -- only the level at which each works with the Corps; the functional area (e.g., Natural Resources) within which each works; and the amount of experience (high, medium, low, or none) that each person has had with each individual option.

None of these data about respondent characteristics involve numbers, either continuous or integer, in any natural way. We are therefore constrained to create 0/1, or dummy, variables to capture membership in a particular set defined by the three known characteristics always in relation to a particular question because of the experience variables definition. To avoid perfect multi-collinearity in our regression analysis, we define in each case one less variable than the number of available classifications. The omitted classifications define a base group.

Because of the very small numbers of people indicating they worked either at the Chief of Engineers level or in the Planning functional area we eliminated those classifications and individuals. (The "other" level was also eliminated.) The remaining characteristics give use to the following dummy variables:

### **EXPERIENCE DUMMIES**

EXH = 1 if H(igh) experience indicated

= 0 if otherwise

EXM = 1 if M(edium) experience indicated

= 0 if otherwise

Low/0 experience is base group

### SERVICE-LEVEL DUMMIES

LDIV = 1 if level circled is DIVISION

= 0 otherwise

LDIS = 1 if level circled is DISTRICT

= 0 otherwise

PROJECT level is base group

### DEPARTMENT/FUNCTIONAL AREA DUMMIES

ANR = 1 if NATURAL RESOURCES is circled

= 0 otherwise

ARE = 1 if REAL ESTATE is circled = 0 otherwise

"OTHER" is base group (only 4 people indicated PLANNING so it was eliminated as functional area)

The regressions run to search for relationships among characteristics and option rankings were structured as follows:

FEE = 
$$\alpha^F + \beta^F_{1}EXH + \beta^F_{2}EXM + \beta^F_{3}LDIV + \beta^F_{4}LDIS + \beta^F_{5}ANR + \beta^F_{6}ARE$$
 (+ error term)

INNOV =  $\alpha^I + \beta^I_{1}EXH + \beta^I_{2}EXM + \beta^I_{3}LDIV + \beta^I_{4}LDIS + \beta^I_{5}ANR + \beta^I_{6}ARE$  (+ error term)

BRUL =  $\alpha^R + \beta^R_{1}EXH + \beta^R_{2}EXM + \beta^R_{3}LDIV + \beta^R_{4}LDIS + \beta^R_{5}ANR + \beta^R_{6}ARE$  (+ error term)

BAUG =  $\alpha^U + \beta^U_{1}EXH + \beta^U_{2}EXM + \beta^U_{3}LDIV + \beta^U_{4}LDIS + \beta^U_{5}ANR + \beta^U_{6}ARE$  (+ error term)

EASE =  $\alpha^E + \beta^E_{1}EXH + \beta^E_{2}EXM + \beta^E_{3}LDIV + \beta^E_{4}LDIS + \beta^E_{5}ANR + \beta^E_{6}ARE$  (+ error term)

PROM =  $\alpha^P + \beta^P_{1}EXH + \beta^P_{2}EXM + \beta^P_{3}LDIV + \beta^P_{4}LDIS + \beta^P_{5}ANR + \beta^P_{6}ARE$  (+ error term)

LAUT =  $\alpha^L + \beta^L_{1}EXH + \beta^L_{2}EXM + \beta^L_{3}LDIV + \beta^L_{4}LDIS + \beta^L_{5}ANR + \beta^L_{6}ARE$  (+ error term)

EFFY =  $\alpha^Y + \beta^Y_{1}EXH + \beta^V_{2}EXM + \beta^V_{3}LDIV + \beta^V_{4}LDIS + \beta^V_{5}ANR + \beta^V_{6}ARE$  (+ error term)

Here the superscripts on the coefficients indicate which <u>dependent</u> variable is involved. These are very simple linear regressions, but since we have no theory to guide (or restrain) us in the choice of functional form, and since these results may be at best of modest internal usefulness, this seems sufficient. In each option-type regression, the constant term may be interpreted as the average ranking given the individual options by members of the base group (those with low or no experience, working at the project level, and in some other functional area than Natural Resources, Real Estate, or Planning). The Beta coefficients indicate how many rating points are added or subtracted on average from the base group ranking when respondents have other levels of experience, or serve at other management levels and in other functional areas.

The results of this exercise, involving only the sum variables for the option types (i.e., the total for each individual ranking of the recreation and funding score), are presented in Table 2-4.

The first observation about these results has to be that for the most part the relationships are weak. Only three of eight regressions produce F statistics significant at the 5 percent level or better. Two of the regressions have no coefficients significantly different from zero except the intercept. Two have only one significant coefficient in addition to the intercept (in both cases it is that relating to a high level of experience with the options in question). But such significant results as do appear are of some interest.

First, as a sort of reality check, we note that giving more autonomy to local managers is favored most by those managers who form the base group (i.e., they profess to see these options as helping to meet both goals of the overall study -- enhanced recreation and reduced federal funding needs.) But those at higher levels of the Corps and those in the Real Estate functional area see this option type significantly less favorably. Within an hierarchical organization with some interfunctional area tensions this is what we would expect.

Second, both the FEE and BAUG regressions have four significant coefficients in addition to the intercept. It is not clear what we ought to make of the BAUG result, since these options

may be politically and even bureaucratically unrealistic. But at least we see that these options get higher ratings from individuals higher in the structure and with more budget experience.

The single most interesting result in the table seems to be that for the FEE option type. New or increased fees may not be popular at the level of the project and among those with little experience with them, but those with more experience (with charging fees) located up the chain of command see these options much more favorably. For example, the change in averaged summed rankings as one moves up from project to divisional level and obtains more experience is:

Base Group	District Level	Division Level
Rank	Medium Experience	High Experience
5.15	6.05	6.53

Since the charging of user fees appears to be one of the revenue-raising alternatives the present administration is most willing to contemplate, this may well be a place to look for real solutions to the tough problem set for this overall study.

TABLE 2-4

RECRESSION RESULTS RELATING SUMMED RANKINGS OF OPTION TYPES TO RESPONDENT CHARACTERISTICS

	FEE	INNOV	BRUL	BAUG	EASE	PROM	LAUT	EFFY
			Coef	ficients (t st	atistic)			
α <sup>K</sup> intercept	5.15*	5.55*	6.54*	4.69*	5.66*	6.11*	7.69*	5.25*
	(24.76)	(14.31)	(8.47)	(7.47)	(12.66)	(11.04)	(11.63)	(8.17)
B <sub>1</sub> <sup>K</sup> (EXH)	1.02*	0.19	0.51	1.14*	1.43*	1.18*	1.28*	1.05*
	(4.08)	(0.47)	(0.70)	(2.01)	(4.62)	(2.35)	(2.33)	(2.13)
B <sub>2</sub> K (EM)	0.53*	0.04	-0.19	1.31*	0.32	0.59	0.70	1.23*
	(3.10)	(0.16)	(-0.32)	(3.04)	(1.24)	(1.64)	(1.60)	(2.93)
33 <sup>K</sup> (LON)	0.36	0.03	0.17	1.33*	-0.35	0.20	-1.29*	0.57
	(1.75)	(0.10)	(.26)	(2.70)	(-0.97)	(0.42)	(-2.26)	(1.04)
3 <sub>4</sub> <sup>K</sup> (LDIS)	0.37 <b>*</b>	0.18	0.68	1.07*	0.10	0.17	-0.88*	0.14
	(2.27)	(0.73)	(1.28)	(2.77)	(0.40)	(0.49)	(-2.03)	(0.33)
3 <sub>5</sub> K (AMR)	0.52*	0.22	0.08	0.79	0.13	0.08	-0.33	0.38
	(2.59)	(0.65)	(0.12)	(1.39)	(0.33)	(0.17)	(-0.63)	(0.75)
3 <sub>6</sub> K (ARE)	0.80*	-0.15	0.23	0.67	-0.02	0.59	- 3.50*	-0.86
	(3.15)	(-0.33)	(0.26)	(0.98)	(-0.04)	(0.98)	(-4.09)	(-1.03)
R <sup>2</sup>	0.049	0.063	0.034	0.108	0.046	0.042	0.23	0.09
Fstatistic	8.03*	0.36	0.53	3.47	3.96*	1.31	8.00*	3.07
deg freedom	(6;929)	(6;673)	(6;89)	(6;171)	(6;489)	(6;178)	(6;158)	(6;191)

<sup>\*</sup> Indicates coefficient is significant at 5 percent level or better

### **CHAPTER 3**

### THE REGIONAL PUBLIC WORKSHOPS

The third element of the work performed under this contract was a series of six regional workshops at which members of the public were invited to give their views on options for meeting the Corps Recreation Study goals. Each workshop took the form of a one-day event, with supplementary evening session. Each workshop opened with an introduction to the study. Then during the morning session at each workshop, the participants were divided into two or more groups and engaged in open-ended discussion of ways to meet the study goals. During the afternoon session, the same groups reconvened and worked through a questionnaire containing fifty-four options identified in previous research and any new ideas developed at the morning sessions. The participants were asked to rate each option on a definitely should to definitely should not scale. The final part of each workshop day was a wrap-up and summary conducted by Corps study leaders. Evening supplementary sessions were conducted for those unable to get away during the day. In this chapter we summarize the relevant data about the workshops --participation, tone and special suggestions, and rating results. We also analyze the results for patterns not obvious in the raw data.

### LOCATIONS, DATES, PARTICIPATION

The workshops were held during March and April 1990, at six widely scattered locations around the forty-eight continental United States. Locations, dates, and total participation are summarized in Figure 3-1.

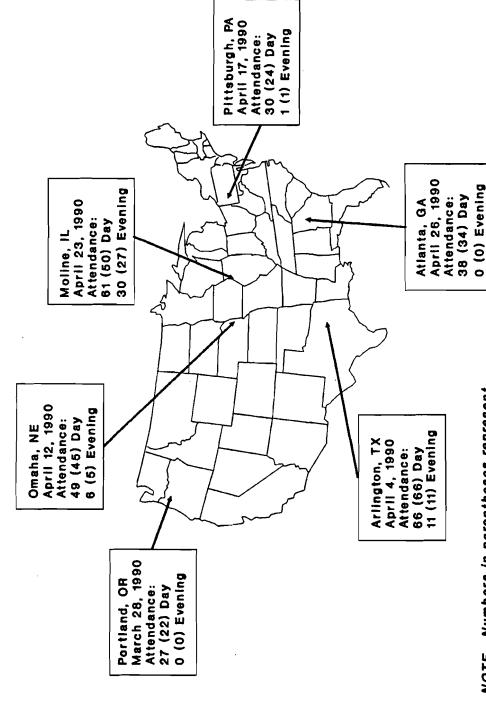
A total of 318 individuals took the opportunity to express their views on the goals of the Corps Recreation Study, 271 of whom participated in the day sessions and 47 at the supplemental evening sessions. Of this total, 286 participants completed and returned the "Suggestions Evaluation Packet" (Appendix C contains a copy of the packet), 241 during the day and 45 during the evening.

When completing the evaluation, 37 individuals checked multiple affiliations (although they were directed to check only one. Thus, a respondent might have indicated that he both worked for a state agency and was a user of Corps recreation facilities. These individuals are counted as many times as the number of affiliations they checked in the following summary of participation by affiliation category. Because there is no way to know which affiliation most influenced their responses, and because there is no reason to think that their views should be two, three, or four times as important as someone with a single affiliation, they have been eliminated from our subsequent analyses of responses.

With this caveat in mind, we can turn to Table 3-1, in which we report the numbers of participants in each category of affiliation and the percentage of total participation represented by each participant category. Workshop composition varied widely. For example, the Portland Workshop was dominated (numerically, at least) by representatives of government at all levels. The Arlington session was more equally balanced, as was the Atlanta Workshop. Pittsburgh and Moline, on the other hand, produced heavy concentration of users and conservationists. Overall, about 30% of participants were users or conservationists, about 30% from government, about 15% from project level business, a little more than 10% from national recreation business or from the more general business category, and a little more than 10% from academic and other affiliations.

FIGURE 3-1

REGIONAL PUBLIC WORKSHOPS BY LOCATION AND DATE



NOTE: Numbers in parentheses represent attendees turning in evaluation packets.

TABLE 3-1

T-C TOTAL

AFFILLATIONS OF WORKSHOP PARTICIPANTS

	Port	tland	Ħ	Arlington	O	Omaha	III	Pittsburgh		Moline		Atlanta	Totals	श
Affiliation Categories	8	<b>*</b>												
User/user group	H	(4.5)	21	(21.9)	<b>c</b>	(14.0)	7	(26.9)	34	(36.6)	7	(18.4)	78	(23.5)
Conservation group	0	(0.0)	R	(5.2)	n	(5.3)	4	(15.4)	10	(10.8)	<b>H</b>	(2.6)	23	(6.9)
Oorps concessionaire	73	(9.1)	17	(17.71)	4	(7.0)	m	(11.5)	7	(7.5)	ស	(13.2)	38	(11.4)
Resort developer	0	(0.0)	4	(4.2)	~	(3.5)	=	(3.8)	4	(4.3)	7	(5.3)	13	(3.9)
Recreation business	^ <b>O</b>	(0.0)	∞	(8.3)	-	(1.8)	<b>H</b>	(3.8)	4	(4.3)	4	(10.5)	18	(5.4)
Chamber of Commerce/ Tourism Assoc.	8	(9.1)	9	(9.4)	ശ	(8.8)	<b>+</b>	(3.8)	4	(4.3)	0	(0.0)	21	(6.3)
City/county/regional government	7	(31.8)	4	(4.2)	9	(17.5)	8	(7.7)	<b>©</b>	(8.6)	н	(2.6)	32	(9.6)
State government	9	(27.3)	ដ	(13.5)	16	(28.1)	٣	(11.5)	4	(4.3)	9	(15.8)	48	(14.5)
Federal government	7	(9.1)	6	(9.4)	4	(7.0)	0	(0.0)	<b>c</b>	(8.6)	Ħ	(2.6)	24	(7.2)
Academic	-	(4.5)	0	(0.0)	0	(0.0)	~	(7.7)	~	(2.2)	ស	(13.2)	10	(3.0)
other	-	(4.5)	9	(6.3)	4	(7.0)	8	(7.7)	œ	(8.6)	9	(15.8)	27	(8.1)
Totals	22	22 (100.0)	8	(100.0)	22	(100.0)	92	(100.0)	93	(100.0)	38	(100.0)	332	(100.0)

Percents may not add up to 100.0 because of rounding.

### **PROCESS**

Each workshop was organized into three distinct working sessions, one in the morning, one in the afternoon, and a night session. After brief introductions as a large group, participants were divided into small breakout groups. No Corps personnel were in attendance during the small-group activities except for a silent recorder who took anonymous notes. This practice was to ensure frank and candid discussions by participants.

Each morning session was an open-ended brainstorming activity, with participants encouraged to offer any suggestions they could think of relating to the study goal. Ideas and suggestions were not confined by laws and regulations. (It may be an outcome of the study that some laws and regulations need to be changed.) After participants had an ample opportunity to offer their suggestions, each person was asked to vote for his or her top three choices from all those offered.

The suggestions from each group were categorized under the four headings of "Resource Augmentation," "Increase Revenue," "Increase Nonfederal Involvement," and "Increase Private Involvement." These categories were developed from the previous data collection efforts described in Chapters 1 and 2. High priority suggestions developed in the morning session which did not reiterate those of the evaluation packet were inserted by the facilitators prior to the afternoon breakout group session. These suggestions were representative of the regional perspective of the workshop and were not added to the packets for subsequent workshops.

The afternoon session was organized around the "Suggestions Evaluation Packet" (Appendix C). The suggestions to be evaluated fell into the previously mentioned four categories. Each small group started with a different category in the packet and discussed the pros and cons of each item before rating it individually. Participants were encouraged to give their written opinion on any suggestion under evaluation. These comments as well as general statements from attendees are included in the working paper series (one through six) discussing the Regional Public Workshops. Participants helped summarize the major messages they wanted to convey and a summary report was given by the facilitators in each group to the reconvened large group.

An evening session was included in the workshop schedule to accommodate interested constituents who were unable to attend the morning or afternoon sessions. The evening participants were allowed to complete a Suggestions Evaluation Packet that included suggestions developed by participants of the morning breakout sessions.

### GENERAL MESSAGES FROM THE WORKSHOPS

As anticipated, each workshop had its own flavor in part attributable to the particular mix of interests and personalities and in part to special regional interests and problems. In the following sections, we try to summarize the workshop flavors as a prelude to the more strictly quantitative analysis of responses that follows. (Individual participant comments from each workshop as well as summaries prepared by the different breakout groups are included in the Appendices of the Working Paper Series mentioned above.<sup>2</sup>) Recurring themes are summarized in Table 3-2.

Planning and Management Consultants, Ltd., 1990. <u>Findings of the Corps of Engineers Recreation Study Activities</u>. Working Papers 1-6. Carbondale, IL.

<sup>&</sup>lt;sup>2</sup> Ibid.

### TABLE 3-2

### **RECURRING THEMES**

### APPROPRIATENESS OF STUDY OBJECTIVES

### PRIORITY OF RECREATION

- Articulate Recreation Mission/Policy
- Funding National Level
- Encouraging Local/Private Involvement

### **REGIONAL CONSIDERATIONS**

- Single National Policy/Manual Inappropriate
- Regional Planning Marketing Cooperation
- More Public Relations Education Information

### **BUREAUCRACY**

- Reduce Complexity Time of Review
- Inconsistent Direction
- More Local Authority

### RETAIN REVENUES AT PROJECT

- Users Should Pay
- Reduces Unfair Competition with Privates
- Charge Market Values for Lake Shore Permits

### **ENVIRONMENTAL**

- Corps Must Protect Natural Resource Base
- Don't Sell Public Lands

### PRIVATE EXCLUSIVE USE

• No - But Private Development for Public Use - OK

#### Portland

The general consensus of the Portland Workshop was that the Corps should look seriously at placing more authority at local/regional levels if it is to stay in recreation. Creativity and flexibility in management will be required. The by-product of this shift in responsibility will be less red tape, which will enhance efficient operation. A regional scope will also account for variable supply-and-demand conditions for recreational services which are very evident across the country.

The following are general summary statements that came out of the Portland Workshop.

- The Corps should be more flexible and creative. There should be more local District authority and autonomy. The Corps should look to others as partners and for input.
- The Corps should reduce bureaucracy and red tape.
- The Corps should analyze recreation needs on a regional basis and cooperate regionally.
- Is the Corps really committed to recreation? It should either get in or let another agency do it.
- The Recreation Study Goal should place emphasis on enhancing recreation opportunities that promote economic and social development efficiency (rather than on reducing expenditures).
- The Corps needs a new division detached from military. A local civilian (with a recreation background) could operate responsibly and efficiently under Corps direction. (Comment: A concern with the military was the lack of continuity, with the District Engineer leaving every three years.)
- Relative to the Recreation Study process, public (participants) should have an opportunity to review the report before submittal (even if there is a short ten-day turn around).

### Arlington

The participants in the Arlington Workshop also felt it was extremely important for the Corps of Engineers to recognize regional differences in recreational needs. The participants also felt strongly that the Corps should be conscious of the environmental impacts of the recreational developments under Corps jurisdiction, although many participants recognized the legal mandate already in existence in this regard under the National Environmental Policy Act (NEPA). The protection of surface-water and groundwater quality was the most prominent such consideration in the opinion of workshop attendees. The group formed a consensus that the Corps needs to develop a specific recreation policy; either commit to servicing recreational needs of the nation or else get out of the business entirely.

The summary suggestions developed by the Arlington Workshop participants included the following:

• The Corps must develop a clear policy with regard to recreation.

- The environmental quality of Corps recreation areas must be an integral part of Corps operations policy.
- Utilize environmental education to increase awareness of recreation facility users.
- Overall, the groups agreed that the Corps must recognize the differences in regional needs of Corps recreation facilities. The Corps should allow funds generated locally to support local operations.

### Omaha

The Omaha Workshop developed a wide variety of themes for consideration by the Corps. A majority of participants felt strongly that the Corps must take into consideration regional needs in recreational planning. They also discussed the potential need for increased revenues to improve recreation development. Strong agreement was also centered on the idea of reducing "red tape" in building regional recreational development with the Corps. The participants felt the Corps should invest more money in the recreation business.

The Omaha Workshop suggestions can be summarized as follows:

- The Corps should stay in the recreation business, obtain more money for it, expand the recreation program, and make it easier for the Corps to work with others.
- The Corps must consider <u>regional</u> needs; one policy will not address the needs of the entire nation.
- Authority for facility management should be at the local level. This would improve the competence of facility operations, with increased understanding of the local area.
- Financial incentives/subsidies are necessary for the Corps to interest outside sponsors/partners.
- The bureaucratic system must be simplified.
- Management of lake water levels to enhance recreation will encourage local and private development and allow shoreline development.
- Improve public relations/education.
- Increase Corps revenues.

### Pittsburgh

The participants of the Pittsburgh Workshop felt that a regional recreation perspective toward recreational needs would be most beneficial to maintain and develop Corps facilities. They also stressed the idea that the U. S. Congress should recognize the national need for recreation and appropriate funds accordingly. The attendees also felt that the Corps must recognize the benefits of a commitment to recreation, although these benefits may not be readily defined in economic terms.

The Pittsburgh Workshop suggestions can be summarized as follows:

- Congress should recognize the national need for recreation and appropriate more funds for this purpose.
- Avoid the implementation of user fees for general public use.
- Separate the Corps' recreation division from Corps military association.
- Increase local involvement in recreation planning at Corps facilities.
- Develop separate use guidelines for natural-versus-improved recreation areas.
- Reduce bureaucracy to encourage private development.
- Improve the communications between government agencies.

### Moline

There was general agreement among participants of the Moline Workshop that recreation is an important and growing part of Corps activities. The overall messages from these attendees reflect ideas requesting the Corps to utilize volunteers, promote awareness of Corps projects through advertising, and increase local management autonomy.

Summary statements of the Moline Workshop include:

- Encourage volunteerism, supervised by the Corps, similar to Civilian Conservation Corps.
- Encourage savings incentives by allowing carry-over of funds from one fiscal year to the next without reducing appropriations.
- Promote awareness of Corps projects through advertising.
- Remove recreation from the Dept. of Defense to increase its priority.
- Develop long-range plans for recreation that include conservation goals.
- Give local managers more flexibility, autonomy, and control.
- Do <u>not</u> reduce commitments to recreation, as the need for these opportunities/facilities is growing.
- Do not allow new options for private involvement to give unfair advantages to new concessionaires. Consider sunk costs of previous Corps concessionaires.

### Atlanta

The general consensus of the Atlanta Workshop was that the Corps must evaluate the social, environmental, regional, and national value of recreation. The Corps must do a better job as a recreation provider by developing more <u>controlled</u> private/public partnerships. Consistent policies/regulations must be developed with a commitment to provide recreation to all publics.

Summary suggestions from the Atlanta Workshop include:

• The Corps should conduct studies to measure economic impacts of recreation.

- The Corps should consider long-term leases (fifty-year minimum) for commercial development. This would allow private interests the opportunity to acquire capital monies and investments.
- Management policies and practices should encourage private investment to foster free market economic success.
- Place recreation as a higher priority in Corps planning and operation.
- Develop consistent regulations and policies.
- Recognize that recreation cannot be separated from other water-related management issues.

### ANALYZING RESULTS FROM THE WORKSHOPS

Beyond giving workshop leaders and attending Corps personnel a chance to gauge the mood of individuals across the country, the regional workshops generated an enormous amount of data. Three hundred and eighteen people attended the workshops, and almost all filled out the "Suggestions Evaluation Packet" which contained fifty-four preprinted options, with half a dozen or so additional options generally being added by the participants. Roughly speaking, then, the workshops produced about eighteen thousand individual rankings of individual options, with accompanying information on the affiliations of the producer of each rank for each option. What does it all mean? The rest of this chapter will be devoted to three different efforts at interpretation.

First, however, we note that the raw data -- the filled-in "packets" -- reside at Planning and Management Consultants, Ltd.'s office in Carbondale, IL and have been entered into an electronic database that allows additional manipulations if necessary. Data one step from the raw state, in the form of counts of ratings by evaluation scale element and affiliation, for every option from every workshop have been supplied with the preliminary workshop reports and will not be repeated with this final report. However, the evaluation counts for all participants for all workshops are included in Table 3-3 to give a first impression of the overall results. (Only the preprinted options are reflected in the table.)

The impressions we can take away from this table must be limited by the volume of information it contains, but do include the following:

- Some options stand out as attracting substantial support, especially
  - # 1 Increase use of supplemental labor sources.
  - # 2 Increase use of prisoners or juvenile offenders.
  - # 3 Increase the use of programs for the handicapped.
  - # 4 Increase use of volunteers.
  - # 6 Seek supplemental funding sources.
  - # 7 Participate in recreation trust funds.
  - #15 Increase recreation fees.
  - #16 Increase existing recreation user fees.
  - #25 Charge fair market value for all recreation outgrants.
  - #26 Charge fair market value for lakeshore use permits.
  - #41 Provide development incentives.
  - #42 Allow federal cost sharing on wider range of facilities.
  - #44 Improve existing facilities at federal cost to encourage greater nonfederal operation and maintenance.

TABLE 3-3 **CUMULATIVE EVALUATION COUNTS** 

	DS	s		 SN	DSN		
		<u>_</u>					
#1	84	128	13	13	10		
#2	65	97	39	29	28		
#3	39	113	76	20	9		
#4	112	112 72	15	9 50	9 7		
#5	53	72	49	50	30		
#6	90	94	33	19	11		
#7	63	100	58	19	9		
#8	26	69	51	56	51		
#9	85	74	46	25	17		
#15	50	102	33	30	16	155	67010
#16	40	117	41	35	17	250	62%
#17	41	52	57	55	56		
#18	54	64	37	65	37		
#19	31	64	29	74	60		
#20	48	90	50	32	36		
#21	30	51	41	65	70		
#22	24	43	40	69	78		
#23	47	53	54	58	47		
#24	40	85	37	27	18	•	
#25	51	99	52	27	26		
#26	60	122	45	10	16		
#27	33	30	32	69	89		
#28	23	71	44	35	81		
#29	26	72	58	29	71		
#30	34	71	44	33	27		
#31	25	96	44	42	45		
#32	19	39	25	42	127		
#33	10	38	35	53	118		
#34	27	44	52	43	82		
#40	81	74	33	27	38		
#41	65	102	30	22	31		
#42	70 50	113	29	27	19		
#43	50	86	56	41	28		
#44	51	92	53	36	26		
#45 ::46	57	90	20	17	28		
#46	80	107	18	31	23		

### Option Evaluation Scale:

DS

Definitely Should Should Neutral Should Not Definitely Should Not S N SN DSN

TABLE 3-3 (Continued)

### **CUMULATIVE EVALUATION COUNTS**

	DS	<u></u>	<u> </u>	SN	DSN
#47	113	105	19	12	. 9
#48	45	66	35	42	70
#49	62	83	58	29	28
#55	65	69	28	31	49
#56	51	82	30	49	62
#57	50	76	36	48	62
#58	32	36	62	72	66
#59	47	67	55	50	54
#60	54	78	31	18	46
#61	32	34	29	57	118
#62	46	95	51	23	53
#63	31	44	46	64	85
#64	64	62	39	25	40
#65	60	61	38	58	53
#66	27	35	37	62	108
#72	0	0	47	- 1	0
#73	63	86	27	35	25
#74	49	95	30	39	31
#75	44	94	43	39	22

### Option Evaluation Scale:

Definitely Should Should

DS S N Neutral SN DSN

Should Not
Definitely Should Not

#46 Allow more flexibility in leasing.

#47 Reduce recreation cost-sharing "red-tape."

- #62 Fund and/or conduct experimental and research studies, provide test sites for demonstration projects, and conduct market studies.
- #74 Increase nonfederal public and/or private recreation responsibility at Corps projects.
- #75 Increase Corps recreation management responsibility at its projects through increased fees.
- Many fewer options received very large total negative ranks. The really notable examples are:
  - #27 Reduce restrictions on private exclusive use.

#32 Sell land.

#33 Sell artifacts.

- #61 Transfer Corps lands to developers in exchange for development and/or management of recreation areas.
- #66 Allow private exclusive use in conjunction with private recreation development.
- For the rest, the balance was much closer, though in some cases distinctly positive, in others distinctly negative.

The lessons for the study from this way of looking at the workshop results seem to include the following:

- There are a number of paths that can be pursued with broad public support toward the goal being addressed by the study. Some of these are perhaps surprising, especially the fee increases and full-market-value options. Not so surprising is the support for ideas that seem to promise new money or lower costs, or that might make life easier for public-access but privately run facilities at Corps projects.
- Options that involve asset sales or the closing of parts of projects to public use are definitely and widely unpopular. This implies that encouraging private development as a way of raising money and of increasing use of project resources involves balancing on a political tight rope. There is plenty of opposition out there that can probably be mobilized by one misstep.

### Pro- and Anti- Sentiment and the Effect of Aggregation

One way of trying to identify politically meaningful patterns in the workshop data is to concentrate on the pro- and anti-rankings and ignore the neutral rankings. Those individuals who feel that the Corps "definitely should" or "should" do something (or who feel the Corps "should <u>not</u>" or "definitely should <u>not</u>" do something else) can be presumed to care about that issue. Those who are neutral almost by definition do not care which policy is pursued with respect to that option.

But these tables are still overwhelming because of the large numbers of options and affiliations. Let us try, as we did in Chapter 2, to create aggregates of options that all deal with roughly the same approach to the Corps' goal. And let us, at the same time, aggregate over affiliations by creating broader categories for the attendees, but categories within which individuals' objectives may be presumed to be consistent.

To accomplish these two ends, we have created the following option categories<sup>3</sup> and aggregated affiliations.

Option Categories	Aggregated As:
1, 2, 4	"Cut Costs"
5, 6, 7, 8, 9, 34	"Special Funding"
15, 16, 17, 18, 19, 20, 21, · 22, 24, 25, 26	"Raise Fees"
30, 31, 32, 33	"Sell"
40, 41, 42, 43, 44, 45, 46, 47, 48	"Shift to Nonfederal Public Sector"
55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66	"Shift to Private Sector"
23, 27, 28, 29	"Relax Demand Side Constraints"
Affiliation Groups	Aggregated As:
User/User Group/Lake Assoc.	
Environmental/Conservation Org.	USER
Concessionaire	
Resort Developer	PROJECT BUSINESS (PRBUS)
Recreation Business/Industry	
Chamber of Commerce	GENERAL BUSINESS (GEN BUS)
City/County or Regional Government  + State Government	
+ Federal Government	GOVERNMENT (GOV)
Academic Community	ACADEMIC (ACAD)

Table 3-4 shows in its eight parts, one for each aggregation of questions, the pro and antiranking percents for the aggregated groups. The pro- and anti- percentages are just the

<sup>&</sup>lt;sup>3</sup> Suggestion 3 was eliminated from the analysis because of the widespread misinterpretation of its meaning by participants.

TABLE 3-4

PRO AND ANTI RANKINGS OF AGGREGATED OPTION CATEGORIES
BY AGGREGATED AFFILIATION GROUPS

#1, #2, #	#4 - Out Costs			- <del>-</del>			<del></del>
Affil	PORILAND Pro Anti	ARLINGION Pro Anti	OMAHA Pro Anti	PITISBURGH Pro Anti	MOLINE Pro Anti	ATLANIA Pro Anti	AIL Pro Anti
1 & 2	66.7 0.0	79.5 0.0	60.6 15.2	78.8 21.2	78.8 12.1	83.3 12.5	77.2 10.2
3 & 4	66.7 16.7	62.1 3.0	61.1 38.9	91.7 8.3	81.8 6.1	71.4 14.3	69.9 10.3
5 & 6	16.7 83.3	73.0 3.2	50.0 33.3	83.3 0.0	74.1 3.7	83.3 0.0	68.9 10.6
7,8,9	84.4 8.9	67.9 5.1	70.0 13.3	46.7 40.0	68.4 8.8	79.2 8.3	70.9 10.7
10	0.0 66.7	0.0 0.0	0.0 0.0	83.3 16.7	100.0 0.0	80.0 0.0	76.7 10.0
1-10	71.4 19.0	70.9 2.8	64.8 18.9	75.0 20.8	76.9 9.4	79.2 8.3	72.7 10.4
#5 <b>- #</b> 9,	#34 - Special Fu						
Affil	PORILAND Pro Anti	ARLINGTON Pro Anti	CMAHA Pro Anti	PITISBURGH Pro Anti	MOLINE Pro Anti	ATLANIA Pro Anti	AIL Pro Anti
1 & 2	33.3 50.0	38.5 21.8	47.0 24.2	68.2 21.2	45.5 28.4	58.3 20.8	47.2 25.1
3 & 4	41.7 33.3	46.2 18.9	58.3 19.4	70.8 12.5	53.0 18.2	64.3 14.3	53.2 18.3
5 & 6	25.0 50.0	53.2 15.1	75.0 5.6	41.7 41.7	42.6 37.0	50.0 25.0	51.9 22.0
7,8,9	54.5 18.2	47.7 14.8	49.4 30.7	72.7 15.2	57.9 16.8	56.9 33.3	50.0 24.3
10	16.7 50.0	0.0 0.0	0.0 0.0	83.3 16.7	50.0 16.7	66.7 20.0	61.7 21.7
1-10	46.8 28.6	44.4 18.8	51.9 25.8	68.1 20.1	48.4 25.5	58.9 24.0	50.3 23.1

TABLE 3-4 (Continued)

# PRO AND ANTI RANKINGS OF AGGREGATED OPTION CATEGORIES BY AGGREGATED AFFILIATION GROUPS

	#15 - #	22, #24 - #2 PORTLAND			DIMMODITALL	Wat TWD	\$ MY \$ 17/0 \$	***
	Affil	Pro Anti	ARLINGTON Pro Anti	OMAHA Pro Anti	PITTSBURGH Pro Anti	MOLINE Pro Anti	ATLANTA Pro Anti	ALL Pro Anti
	1 & 2	18.2 54.5	52.8 20.6	46.3 35.5	25.6 56.2	42.8 33.7	44.3 25.0	43.7 32.5
	3 & 4	9.1 18.2	51.7 21.9	45.5 39.4	56.8 29.5	42.1 32.2	61.0 15.6	49.0 25.7
	5 & 6	45.5 22.7	47.6 26.0	50.0 36.4	31.8 50.0	35.4 39.4	25.0 25.0	42.6 31.0
	7,8,9	41.3 26.7	43.5 27.6	49.0 29.6	34.0 54.7	48.6 26.0	48.2 30.1	46.0 29.1
	10	63.6 18.2	0.0 0.0	0.0 0.0	50.0 50.0	22.7 36.4	61.8 30.9	51.8 34.5
5	1-10	39.4 26.4	49.7 23.6	48.4 32.6	35.6 50.0	41.6 33.0	49.7 24.7	45.5 30.1
	#30 - #	33 - Sell	ART.TNCTON	ОМАНА	DTTTCRIDCH	MOLTNE	<b>አጥተ.አ</b> እጥል	Δτ.τ.
	#30 - # Affil	33 - Sell PORTLAND Pro Anti	ARLINGTON Pro Anti	OMAHA Pro Anti	PITTSBURGH Pro Anti	MOLINE Pro Anti	ATLANTA Pro Anti	ALL Pro Anti
	-	PORTLAND						
	Affil	PORTLAND Pro Anti	Pro Anti	Pro Anti	Pro Anti	Pro Anti	Pro Anti	Pro Anti
	Affil 1 & 2	PORTLAND Pro Anti 30.8 25.0	Pro Anti 30.8 49.0	Pro Anti 18.2 40.9	Pro Anti 18.2 68.2	Pro Anti 19.3 49.4	Pro Anti 34.4 43.8	Pro Anti 23.8 49.8
	Affil 1 & 2 3 & 4	PORTLAND Pro Anti 30.8 25.0 0.0 25.0	Pro Anti 30.8 49.0 36.4 40.9	Pro Anti 18.2 40.9 54.2 37.5	Pro Anti 18.2 68.2 68.8 31.3	Pro Anti 19.3 49.4 37.5 54.5	Pro Anti 34.4 43.8 42.3 39.3	Pro Anti 23.8 49.8 39.4 41.8
	Affil 1 & 2 3 & 4 5 & 6	PORTLAND Pro Anti 30.8 25.0 0.0 25.0 37.5 25.0	Pro Anti 30.8 49.0 36.4 40.9 45.2 35.7	Pro Anti 18.2 40.9 54.2 37.5 33.3 54.2	Pro Anti 18.2 68.2 68.8 31.3 0.0 62.5	Pro Anti 19.3 49.4 37.5 54.5 6.5 55.6	Pro Anti 34.4 43.8 42.3 39.3 43.8 6.3	Pro Anti 23.8 49.8 39.4 41.8 33.0 40.3
	Affil 1 & 2 3 & 4 5 & 6 7,8,9	PORTLAND Pro Anti  30.8 25.0  0.0 25.0  37.5 25.0  43.3 33.3	Pro Anti 30.8 49.0 36.4 40.9 45.2 35.7 31.7 45.2	Pro Anti 18.2 40.9 54.2 37.5 33.3 54.2 39.2 38.3	Pro Anti 18.2 68.2 68.8 31.3 0.0 62.5 25.0 35.0	Pro Anti 19.3 49.4 37.5 54.5 6.5 55.6 38.5 41.7	Pro Anti 34.4 43.8 42.3 39.3 43.8 6.3 62.5 17.9	Pro Anti 23.8 49.8 39.4 41.8 33.0 40.3 36.7 38.3

TABLE 3-4 (Continued)

PRO AND ANTI RANKINGS OF AGGREGATED OPTION CATEGORIES
BY AGGREGATED AFFILIATION GROUPS

#3, #23	3, #27, #28, PORTLAND Pro Anti	#29 - Relax ARLINGTON Pro Anti	Demand Side OMAHA Pro Anti	PITTSBURGH	MOLINE Pro Anti	ATLANTA Pro Anti	ALL Pro Anti
1 & 2	25.0 75.0	27.9 39.4	36.4 36.4	20.5 65.9	20.5 54.0	56.3 25.0	27.0 47.5
3 & 4	37.5 25.0	46.6 26.1	70.8 20.8	93.8 6.3	45.5 45.5	64.3 25.0	54.8 27.9
5 & 6	50.0 50.0	34.5 33.3	45.8 29.2	12.5 87.5	38.9 55.6	37.5 18.8	36.9 39.2
7,8,9	30.0 50.0	21.2 42.3	30.0 46.7	25.0 50.0	32.9 39.5	18.8 62.5	27.2 46.1
10	75.0 25.0	0.0 0.0	0.0 0.0	12.5 87.5	25.0 37.5	40.0 45.0	35.0 50.0
1-10	34.5 47.6	31.8 35.8	37.7 39.6	32.3 56.3	28.5 49.4	43.8 36.7	33.4 42.7
#40 - # Affil	#49 - Shift t PORTLAND Pro Anti	o Nonfederal ARLINGTON Pro Anti	Public Sect OMAHA Pro Anti	or PITTSBURGH Pro Anti	MOLINE Pro Anti	ATLANTA Pro Anti	ALL Pro Anti
Affil	PORTLAND	ARLINGTON	OMAHA	PITTSBURGH	- ·		
Affil	PORTLAND Pro Anti	ARLINGTON Pro Anti	OMAHA Pro Anti	PITTSBURGH Pro Anti	Pro Anti	Pro Anti	Pro Anti
Affil 1 & 2	PORTLAND Pro Anti 100.0 0.0	ARLINGTON Pro Anti	OMAHA Pro Anti 52.7 15.5	PITTSBURGH Pro Anti 55.5 29.1	Pro Anti 40.2 39.8	Pro Anti 67.5 11.3	Pro Anti 42.6 35.3
Affil 1 & 2 3 & 4	PORTLAND Pro Anti 100.0 0.0 95.0 0.0	ARLINGTON Pro Anti 26.9 47.7 50.9 18.6	OMAHA Pro Anti 52.7 15.5 45.0 18.3	PITTSBURGH Pro Anti 55.5 29.1 90.0 0.0	Pro Anti 40.2 39.8 46.4 32.7	Pro Anti 67.5 11.3 74.3 10.0	Pro Anti 42.6 35.3 57.1 18.3
Affil 1 & 2 3 & 4 5 & 6	PORTLAND Pro Anti 100.0 0.0 95.0 0.0 85.0 10.0	ARLINGTON Pro Anti 26.9 47.7 50.9 18.6 54.3 24.8	OMAHA Pro Anti 52.7 15.5 45.0 18.3 66.7 11.7	PITTSBURGH Pro Anti 55.5 29.1 90.0 0.0 70.0 15.0	Pro Anti 40.2 39.8 46.4 32.7 26.7 44.4	Pro Anti 67.5 11.3 74.3 10.0 70.0 7.5	Pro Anti 42.6 35.3 57.1 18.3 53.9 24.3

TABLE 3-4 (Continued)

## PRO AND ANTI RANKINGS OF AGGREGATED OPTION CATEGORIES BY AGGREGATED AFFILIATION GROUPS

#55 - #	66 - Shift t	o Private Se	ctor				
				PITTSBURGH		ATLANTA	ALL
Affil	Pro Anti	Pro Anti	Pro Anti	Pro Anti	Pro Anti	Pro Anti	Pro Anti
1 & 2	41.7 50.0	16.3 70.8	37.9 37.1	15.9 72.7	18.9 53.6	32.3 39.6	21.3 57.2
3 & 4	79.2 8.3	71.2 13.3	83.3 11.1	45.8 4.2	35.6 55.3	82.1 8.3	64.9 20.4
<b>5 &amp;</b> 6	79.2 0.0	49.6 40.1	63.9 23.6	4.2 33.3	11.1 65.7	47.9 10.4	42.8 38.3
7,8,9	53.9 23.3	34.3 42.6	47.2 32.8	25.0 50.0	32.5 28.5	42.7 39.6	40.8 34.5
10	75.0 16.7	0.0 0.0	0.0 0.0	8.3 91.7	33.3 20.8	41.7 51.7	36.7 50.0
1-10	59.1 20.6	41.3 43.0	51.3 30.2	21.2 54.9	23.6 48.7	49.2 31.0	38.6 40.5

aggregated versions of the ones already calculated. (e.g., Total pro (DS, S) votes on all questions in the aggregated set by persons in the aggregated affiliation group divided by the total votes cast equals "pro" percent for the aggregated option set.)

This table does seem to hold a few lessons, and though most of these are far from surprising, they are worth mentioning. First, almost every group was strongly in favor of the Corps cutting its costs by using cheaper labor. (Even the use of juvenile offenders or prisoners, Option 2, was generally viewed positively.) Second, there was also very favorable reaction to the idea of seeking additional funding for recreation through one or another special route (e.g., private donations, federal recreation lottery, or transfer of hydropower revenues). Not surprisingly, the general business affiliation group was least favorably disposed toward this set of options.

What is perhaps most surprising about this entire table is the positive reaction to increasing fees. No affiliation group -- not even the user group -- was consistently against this option at every workshop. And in no workshop was every group on balance against increased fees.

Fee introductions and increases may be politically viable and could make a dramatic difference in the net federal cost of providing recreation at Corps projects. It is, unlikely by contrast, that either the "cutting cost" or "special funding" option groups can really contribute much toward meeting the overall goal of the study. The first is unlikely in practice to make much of a difference, since it will cost money to organize and supervise volunteers or prisoners or any other unconventional sort of labor. The second option group suffers from a certain political naivete. If it were that easy to get more money for recreation, for example by cross-subsidy from hydro sales, it seems unlikely the opportunity would have been missed for so long.

The option group involving selling off assets (land and artifacts) or simply selling some sort of merchandise is on balance not popular. This result is dominated by opposition to sales of land (especially) and artifacts (to a lesser extent). On the whole, this seems a sensible result. Most individuals recognize that selling assets to support current consumption is a recipe for long-term trouble.

Policies encouraging a shift of recreation responsibility to the nonfederal public sector were popular with all affiliation groups at all the workshops, with one exception. (The private developers at Moline showed more opposition than support.) What is most remarkable here is that the government officials -- generally a group dominated by state and local government representatives -- joined in this support. This is remarkable because of the strong signals coming from other directions that the states do not want or cannot afford added recreation responsibilities. And it is by no means the case that the individual options in this category are all of the sort that imply a free ride for the states. Probably what we are observing here is the enthusiasm of those who would have new opportunities and responsibilities were such transfers effected, but who do not face the political task of finding the money.

The option group that involves ways to encourage a shift of recreation responsibilities to the private sector received very mixed rankings. No affiliation group was consistently for or against it, not even the project and general business groups. Users at some workshops were strongly against, and others weakly for. Government people were sometimes against, sometimes for. These mixed results may mean that the Corps' leadership has considerable freedom to explore specific policies aimed at drawing in more private capital and entrepreneurial energy. But for reasons discussed in Chapters 1 and 2, the private sector is not likely to be either willing or able to make much of a dent in current, or even future, Corps recreation responsibilities.

The last aggregated option group we have characterized as one involving relaxing demand-side constraints. Here again, results were mixed, with no obvious pattern. On the other hand, this is probably the least defensible of our aggregations. The other three individual options

that go to make up this group (allowing gambling, allowing the sale of state lottery tickets, and relaxing the 14-day camping limitation) are favored and opposed by roughly equal numbers. To the extent there is any message here about public opinion, it seems to have very little significance for the national study because the options themselves are not strong contenders for the roles of reducing net costs or increasing recreation opportunities. Relaxing restrictions on private exclusive use would enhance recreation quality for small groups, but would not necessarily do anything for the budget. Relaxing the 14-day camping limit might increase revenue if at some campgrounds no queue exists and campers are forced to leave before they otherwise would. The other options in this group seem to promise at best a small increase in Corps income and one of them, reducing restrictions on private exclusive use, would again make for higher quality recreation only for those with the right of use.

### Strength of Agreement

Another way to tease some meaning out of the mass of workshop results is to look for strength of agreement on particular options. To do this, a strength-of-agreement index may be created that has a resemblance to the well-known coefficient of variation. Thus, for any number of ranking categories,  $R_1 --- R_K$ , and any number of individuals N, who rank an alternative in any of the K groups, the strength-of-agreement index for any one option is defined as:

SAI = 
$$\frac{\sum_{i=1}^{K} (N_i - N/K)^2}{(N/K)2N}$$

The two terms in the denominator of this fraction amount, first, to the number of individuals who would, on average, rank the option in each rank if ranks were assigned randomly by individuals. Or, said another way, N/K just divides the population of rankers equally among the groups. The second term, 2N, normalizes for the size of the group doing the ranking. The numerator in effect measures the distance from the observed set of rankings to the random or equal division rank. In the Regional Public Workshop working paper series we show the top ten options in terms of this index for each workshop. Thus if the people do in fact find themselves equally divided on the option, SAI = 0, it can be shown that the largest value for given N and K occurs when all N participants agree on a single ranking.

In Table 3-5 we report the extent to which options with strong agreement index scores at one workshop also scored in the top 10 in other workshops. We include, but differentiate between, printed options and option themes identified in workshop brainstorming sessions and subsequently ranked.

We observe that no single option or theme achieved a top ten strength-of-agreement score across all six workshops -- or even across five of the six. If we expand the search for agreement to the top fifteen strength-of-agreement scores at each workshop, we do find that one option, #4,

 $<sup>^4</sup>$   $\Sigma(N_i - N/K)^2/2N$  would be the standard deviation if the mean were N/K -- that is, if people were evenly divided on the rank of the option on average.

<sup>&</sup>lt;sup>5</sup> Planning and Management Consultants, Ltd., 1990.

<sup>&</sup>lt;sup>6</sup> The value of SAI then is  $(N-N/K)^2 + (K-1)(-N/K)^2$  which equals  $[N^2 - 2N^2/K + KN^2/K^2]/[N/K(2N)] = (K-1)/2$ . In our workshop data, K = 5, so max (SAI) = 2.0 when all those ranking an item agree.

TABLE 3-5

# AGREEMENT WITHIN AND AMONG WORKSHOPS OPTIONS ACHIEVING HIGH STRENGTH OF AGREEMENT SCORES AT ONE OR MORE WORKSHOPS

Description

Printed or Pre-identified Options

Option #

Predominant

# of Workshops

		Et a least of one	<del></del>
_	<u>.</u>	<u>Evaluations</u>	
4	1	4 S	Increase use of supplemental labor sources
4	46	2 S, 2 DS	Allow more flexibility in leasing
3	4	2 S, 1 DS	Increase use of volunteers
3	42	2 S, 1 DS	Allow federal cost—sharing on a wider range of facilities
3	45	2 S, 1 DS	Provide lease incentives
3	47	1 S, 2 DS	Reduce recreating cost-sharing "red-tape"
2	6	1 S, 1 DS	Seek supplemental funding sources <sup>a</sup>
2	16 Based on Mon	2 S ning Brainstormir	Increase <u>existing</u> recreation use fees
2	Based on Mor	ning Brainstormir redominant	
2 Inserted Options	Based on Mor	ning Brainstonmir	ng <u>Sessions</u> <u>Description</u> [General Theme]  Fix the bureaucracy whether via incentives, changed
2 Inserted Options # of Workshops	Based on Mor	ning Brainstonmir redominant valuations	ng Sessions  Description [General Theme]  Fix the bureaucracy whether via incentives, changed regulations, new training, reorganization  Create and adopt a long range policy on recreation
2 <u>Inserted Options</u> # of Workshops 4	Based on Mor	ning Brainstonmir redominant valuations 4 DS	ng <u>Sessions</u> <u>Description</u> [General Theme]  Fix the bureaucracy whether via incentives, changed regulations, new training, reorganization

Inclusion of essentially similar inserted options from Moline and Omaha Workshops brings number of workshops agreeing up to four. The two other workshops agreed on definitely should evaluation.

b Moline produced two options for insertion that were very similar and on this theme.

"Increase use of volunteers," produced general and positive agreement at five workshops. Only Portland did not climb on the volunteer band wagon.

Confining ourselves to the top ten strength-of-agreement scores at each workshop, we do find that six pre-identified options and three inserted options or option themes were strongly agreed on by three or more workshops. All of this agreement was on the positive side. Four of the six pre-identified options agreed to widely fall into the category, "Increase nonfederal private involvement." Two involve attempting to cut recreation O & M costs via use of supplemental or volunteer labor. The inserted option themes that were widely agreed to involved (1) somehow fixing the bureaucracy, which is clearly perceived to function badly where recreation is concerned; (2) creating a long-term recreation policy for the Corps, presumably to attempt to do away with these periodic flutters about what the Corps is doing in recreation anyway; (3) doing a better job of local project planning, to include economic impact assessment; and (4) increasing local management authority and flexibility. (This might be seen as just another way of fixing the bureaucracy.)

### Regression Relations

In Table 3-6 we report the results of ordinary least squares (OLS) linear regressions for which the dependent variables were:

Y<sub>i</sub> = 1 if a person ranked an underlying option DS or S = 0 if a person ranked an underlying option as SN or DSN (or N)

and I represents the aggregated option categories already defined above ("Cut Costs, Raise Fees, etc.)." The explanatory variables are dummies representing workshop attended (hence, somewhat imperfectly, region) and user group checked. Thus,

WS1 = 1 if person attended Portland Workshop

= 0 otherwise

WS2 = I if person attended Arlington Workshop

= 0 otherwise

WS3 = 1 if person attended Omaha Workshop

= 0 otherwise

WS4 = 1 if person attended Pittsburgh Workshop

= 0 otherwise

WS5 = 1 if person attended Moline Workshop

= 0 otherwise

USER = 1 if person checked User/User Group/Lake Assoc. or

Environmental/Conservation Org.

= 0 otherwise

PRBUS = 1 if person checked Concessionaire or Resort Developer

0 otherwise

GENBUS = 1 if person checked Recreation Business/Industry or Chamber

of Commerce

= 0 otherwise

We recognize that it would be better to analyze these data using Logit or some other method suited to binary dependent variables. We would not expect the relations to differ in sign or, indeed, to differ often in significance, however, so the OLS/linear approach should not be misleading.

<sup>&</sup>lt;sup>8</sup> As already noted, individuals who checked more than one user group on their evaluation form were excluded from the regression analysis.

TABLE 3-6 LINEAR OLS REGRESSION RESULTS PROPORTION IN FAVOR OF AGGREGATED OPTIONS AS FUNCTION OF WORKSHOP AND USER GROUP

	DEPENDENT VARIABLE							
EXPLANATIONY VARIABLES	CUT COSTS	SPEK SPECIAL FUNDING	RAISE PEES	relax Demand Constraints	SELL ASSETS	SHIFT TO NON-FEDERAL FUBLIC SECTOR	SHIFT TO PRIVATE SECTOR	
INTERCEPT	0.87**	0.67**	0.65**	0.36 <del>44</del>	0.53 <del>**</del>	0.91**	0.52**	
	(16.23)	(13.18)	(16.60)	(5.87)	(7.98)	(26.18)	(15.63)	
PORTEAND WORKSHOP	-0.06	-0.03	-0.04	0.04	0.08	0.05	0.23**	
	(-0.86)	(-0.46)	(-0.78)	(0.53)	(0.83)	(1.19)	(4.99)	
ARLINGTON WORKSHOP	0.07	-0.06	-0.03	-0.05	-0.25**	-0.22**	-0.10**	
	(1.12)	(-1.05)	(-0.62)	(-0.67)	(-3.38)	(-5.36)	(-2.68)	
CHANA MORESHOP	-0.03	0.00	-0.04	0.11	0.00	-0.05	0.09*	
	(-0.56)	(0.07)	(-0.92)	(1.57)	(~0.08)	(-1.38)	(2.42)	
PITTSBURGH WORKSHUP	-0.11	0.15*	-0.28**	-0.13	-0.18*	-0.04	-0.17**	
	(-1.62)	(2.25)	(-5.61)	(-1.62)	(-2.11)	(-0.96)	(-3.84)	
MOLTINE MOLEKSHOP	0.02	0.03	-0.07	-0.12*	-0.15#	-0.24**	-0.08*	
	(0.32)	(0.50)	(-1.55)	(-1.83)	(-2.19)	(-6.19)	(-2.12)	
USER CROUP	-0.02	~0.08*	-0.02	0.01	-0.14**	-0.22**	-0.22**	
	(-0.45)	(~1.96)	(-0.74)	(0.13)	(-2.72)	(-7.76)	(-7.88)	
PROJECT BUSINESS	-0.02	-0.02	-0.07	0.40**	0.09	-0. <b>03</b>	0.32**	
	(-0.40)	(-0.39)	(1.85)	(7.07)	(1.48)	(-0.95)	(10.35)	
GENERAL BUSINESS	-0.18*	-0.12*	0.04	0.10	-0.11	-0.04	0.11**	
	(-2.86)	(-1.93)	(0.76)	(1.40)	(-1.36)	(-0.87)	(2.58)	
ACADEMIC	0.06	-0.02	0.02	0.10	-0.16	0.04	-0.12*	
	(0.61)	(-0.19)	(0.41)	(1.05)	(-1.61)	(0.68)	(-2.36)	
N <sub>2</sub>	476	846	1589	605	566	1525	1801	
R <sup>2</sup>	0.04	0.02	0.03	. 0.12	0.09	0.14	0.21	
F	2.16*	1.81	6.04**	8.72**	5.83**	27.90**	52.97**	
deg frædom	9;466	9;836	9;1579	9;595	9;556	9;1515	9;1791	

Figures in parenthesis are coefficient t values.

\* Significant at the 5% level.

\*\* Significant at the 1% level.

ACAD = 1 if person checked Academic

= 0 otherwise

Thus, the base group -- the group whose predicted favorable ranking proportion is shown by the intercept is the set of government people attending the Atlanta Workshop.

The interpretation of the (significant) coefficients in Table 3-6 is in general, then, that they represent the increase or decrease in the proportion ranking that option group favorably attributable to a shift in region or a shift in affiliation category. More carefully, looking at the coefficient for one of the workshop dummies means looking at the effect on the favorable ranking by government attendees of changing region. For any given workshop, the coefficient on an affiliation group tells us the effect or the proportion of favorable rankings of looking at a different affiliation group than "government."

Thus the predicted favorable ranking proportion associated with government group at Atlanta of "Relax Demand Constraints" was 46%. The government group at Pittsburgh was less favorable by about 17 percentage points. But the project business group at Pittsburgh was roughly 31 percentage points more favorably disposed. So the predicted (fitted) favorable proportion among project business people at Pittsburgh on the question of relaxing demand-side constraints, would be:

$$(0.46) + (-0.17) + (0.31) = 0.60$$

Because these coefficients reflect all the noise in the data caused by unmeasured variables affecting individual rankings, our R<sup>2</sup>s are quite small (though one or two are surprisingly large) and the exercise we just went through does not produce very close matches for observed percentages favorable.

Our interest, however, is in the direction of adjustment, where the coefficients are statistically significant. What do we find? First, looking regression by regression, we see that:

- General Business participants were less favorably disposed toward <u>Cutting Costs</u> (through use of unorthodox labor) than were government people. No other workshop or affiliation group relation shows up as significant.
- The overall relation for <u>Seek Special Funding</u> was not statistically significant, so we do not want to make too much of the significant coefficients. But *ceteris paribus* the Pittsburgh Workshop people viewed this less favorably, as did users and general business people (relative to the government participants in Atlanta).
- Raising Fees was also less favorably viewed by participants at Pittsburgh. But no other workshop or affiliation variable was significantly related to this option set. The base favorable rate was 65% which is about the median value for the intercept terms.
- Relaxing Demand-side Constraints was not at all popular with the base group, and was even less popular at Pittsburgh and Moline, while being more popular with project business people -- an intuitively reassuring result.
- <u>Selling Assets</u> had the third lowest intercept (predicted base-group favorable rating), and each of the significant coefficients is negative; so that the Arlington, Omaha, and Pittsburgh participants were even less favorably disposed, as was the user group.
- Shifting Responsibility to the Nonfederal Public Sector was quite popular with the government people at Atlanta, displaying the largest intercept. The regression relation here was also quite strong -- perhaps remarkably strong, for cross section attitude survey data. Again, both Pittsburgh and Arlington participants were significantly less favorably inclined, as was the user group.

• Shifting Responsibility to the Private Sector had the second lowest level of predicted support among the base group. The regression relation was extremely strong and every coefficient significant at the 5% level or lower. The Portland and Omaha participants liked this option better than the Atlanta group, while the Arlington, Pittsburgh and Moline groups were more negatively inclined. Among the affiliation groups, it is reassuring to find a more favorable view of measures to increase the private sector role among members of that sector. Users and academics found the idea less appealing than the base group, ceteris paribus.

Looking across the rows of the table we find the following patterns.

- The Pittsburgh and Moline participants were the most negatively inclined, with significantly negative coefficients on this dummy in 4 of 7 regressions. And Arlington just trailed these two, with three significantly negative coefficients. The only statistically significant positive coefficient on a workshop dummy was that for Pittsburgh on Seeking Special Funding.
- Among the affiliation groups, the Users win the prize for negativity. The coefficient on
  User was significantly negative in four relations. (Seeking Special Funding, Selling Assets,
  and the two option groups representing shifting recreation responsibility away from the
  Corps.
- Project-level business people were distinctly up for relaxing demand side constraints and shifting responsibility to the private sector.
- The general-business community was down on cutting costs and seeking special funding, and up on shifting to the private sector.

What might we carry away from all this?

- Selling assets is unpopular everywhere, some places more than others, and with users more than other groups in the same region.
- Shifting responsibility toward the non-federal public sector is quite popular in most regions, but was viewed less favorably in Pittsburgh and Arlington and among users than in other regions and by other groups.
- Shifting responsibility toward the private sector is not particularly popular anywhere, though more so in Portland and Omaha than in Arlington, Pittsburgh, Moline, and even Atlanta. It is more popular with businessmen than with users or academics.
- And, again perhaps surprisingly, raising fees runs around the median favorable ranking among the base group and is only significantly less popular among Pittsburgh participants. Importantly, users did not display statistically significant hostility. Whether that translates into an absence of politically significant opposition is a different question, though one that eventually must be answered by the Corps if this strategy is to be pursued.

### **CHAPTER 4**

#### OVERALL RESULTS AND RECOMMENDATIONS

This project has amounted to an effort to measure the opinions of different "publics" about the options identified by the Corps of Engineers study committees for trying to meet the dual goals of the National Recreation Study. The internal public of the Corps itself was given a chance to express itself at the Nashville Workshop. The larger publics of concerned users, related businesses, state and local officials, and even academics were asked for comments in two different settings -- a small number of one-on-one interviews without a rigid structure and six more formal facilitated workshops structured by an evaluation questionnaire. In all, almost five hundred people contributed their thoughts on the Corps problem.

It would have been convenient for the authors of this report if all those individuals had agreed on what were desirable and what were undesirable options. Of course they did not. Individual and group interests, not to say perceptions, lead to very different views of what the problem is and therefore what ought to be done. As we have indicated at various points in the first three chapters, some of the options favored by some of the groups can at best make only a marginal contribution to solving the problem. Others amount to wishing the problem away (e.g., persuade Congress to appropriate more money for recreation). With the background of data and analyses in Chapters 1-3, providing the Corps with a foundation for forming its own judgments, we intend in this chapter to present our own conclusions and recommendations. Our discussion will not touch on every strawman put forward by the study for public comment nor on every suggestion flowing from interviews and workshops. Rather, we concentrate on three areas that in our opinion share several important characteristics:

- They might actually make a difference.
- They do not appear to be utopian, for example, they do not depend on individuals becoming less self-interested.
- They did not provoke intense opposition among any of the publics.

The three areas discussed in this chapter are:

- 1. economically meaningful pricing
- 2. specific accommodations to the private sector
- 3. dealing with the bureaucratic monster

### **PRICING**

If there is a big surprise in any of the data from the three public opinion sampling efforts described above, it is that the suggestions of more realistic pricing, especially in the form of fees for day-use activities, were not greeted with a firestorm of opposition. No major group, including users, was consistently against this set of options, and at no regional workshop was overall opinion decidedly negative. It is true that project-level Corps officials, perhaps anticipating that opposition would surface as soon as fees were actually charged, were fairly negative. But higher up the chain of command, a more positive attitude appeared.

More realistic pricing could certainly make a difference. According to the <u>Federal</u>
<u>Recreation Fee Report</u> for 1988, the Corps of Engineers in 1988 collected just about \$14.7 million

in fees from 6.67 million "fee management unit visits" (see Table 4-1). This revenue does not begin to tap the potential of Corps sites. If, for example, a one dollar fee were collected for each visitor-day in 1987, the Corps would have generated over \$500,000,000 in revenue.

Beyond the revenue, pricing would make a socially beneficial difference by sending the proper signals to users. While users who came to a project only to look may be enjoying what amounts to a public good, other users, including boaters, fishermen, picnickers, and swimmers are using facilities at which the long-run cost of serving another "customer" -- of providing another recreation day of a certain type -- is not zero. In part, this is a matter of crowding. Boat ramps, parking lots, picnic areas, and beaches have fixed capacity. Above "some level of use", each additional user puts noticeable (external) costs on each other user. (This is also true of lake surface area.) But to the extent that use of these facilities implies real costs for the Corps for security, clean-up, and wear and tear on capital, there are real costs attachable to each additional visitor day. Visitors have to know what all those costs (resource and externality) are if they are to make the kind of rational decisions that welfare theorems about the market economy depend on. These arguments run both to day-use fees and to the pricing of concessions, development leases, and private exclusive-use permits.

But how can the Corps know what prices to charge? Wouldn't prices inevitably be completely arbitrary and thus not really serve the welfare end but merely raise same desired amount of revenue? Well, it is certainly true that arbitrarily set fees would be easiest to arrive at. And, at a guess, starting from zero with one eye on revenue and the other on politics, any initial set of fees would probably be so low as to have little impact on use. This is not, however, the best that could be done.

It would be entirely within the capabilities of the Corps of Engineers' Institute for Water Resources, though far from a trivial task, to conduct studies aimed at identifying efficient prices for the major recreation "goods" sold by the Corps. What is needed is knowledge of demand and supply -- of marginal willingness to pay for, and marginal cost of, providing units of the various goods over appropriate ranges of quantities provided. There are models in the literature for such efforts. Much, though not all, of the necessary data are currently collected by Corps projects. The way to proceed here is probably to obtain authorization for a regional pilot study that would result in nationally transferable methodology. Such methodology would have to take into account not only Corps resources but also competing and complementary resources and their relation to within-and-without region demands. It would also have to be sensitive to the matter of demand peaking seasonally, weekly, and over the hours of any given day. For peak-load pricing would almost certainly be more efficient than temporally flat fee structures, at least for visitor use.

### Therefore, our first recommendation is:

• That the Corps commit itself to, and obtain necessary authority for, charging at least approximately efficient prices for all recreation users that have a private-good character. These at least should include day-use recreation activities (other than just looking or sight-seeing), the granting of concession and development leases, and the granting of various types of private, exclusive-use permits. The necessary studies could also feed into a national recreation plan for the Corps, a frequent recommendation at the workshops.

### **RELATIONS WITH PRIVATE SECTOR**

The second area in which we see scope for major improvements in Corps recreation policy, in relation to the overall goals of the Recreation Study, is the structuring of relations with

<sup>&</sup>lt;sup>1</sup> See, for example, the case studies reported in John V. Krutilla and Anthony C. Fisher, 1985. The Economics of Natural Environments. Resources for the Future. Washington, D.C.

TABLE 4-1

FEE DIFFERENCE ACROSS FEDERAL AND
QUASI-FEDERAL AGENCIES PROVIDING RECREATION

	Bureau Land Mgt	Bureau of Reclamation	Corps of Engineers	Forest Service	Fish and Wildlife Services	National Park Services	Ternessee Valley Authority
1986 Fee Receipts Fee Mgt Unit Visits Ave Fee/Visit	\$1,198,673 763,900 \$1.57	\$824,772 3,365,500 \$0.24	\$11,903,083	\$10,930,200	\$154,928 5,650,200 \$0.03	\$22,351,149 152,839,700 \$0.15	\$553,752 321,100 \$1.72
1987 Fee Receipts Fee Mgt Unit Visits Ave Fee/Visit	\$1,299,732 734,000 \$1.77	\$835,542 3,362,500 \$0.25	\$13,236,335	\$11,134,519	\$205,432 7,025,800 \$0.03	\$41,878,220 178,315,600 \$0.15	\$636,293 342,400 \$1.72
1988 Fee Receipts Fee Mgt Unit Visits Ave Fee/Visit	\$1,462,562 2,061,600 \$0.71	\$821,687 3,230,100 \$0.25	\$14,695,951 6,672,000 \$2.20	\$12,439,780	\$1,695,872 8,866,600 \$0.19	\$51,211,735 166,993,800 \$0.31	\$757,792 411,500 \$1.84

Source: Federal Recreation Fee Report - - 1988, June 27, 1989. National Park Service.

the private sector -- both small-time concessionaires and big-time developers. A start in this direction could be accomplished by working on a few quite specific problems described below. A fully satisfactory policy probably requires some more fundamental changes touched on in our third area, bureaucracy.

• A very common complaint in interviews and workshops, though not the Nashville internal workshop, was that leases for private developers of recreation related private enterprises were just too short. Apparently there is no single term uniformly applied, but periods as short as a few years were mentioned. The near-universal desire was for a minimum term of thirty years.

The idea behind short leases is presumably to maintain flexibility and to avoid getting stuck with an undesirable or incompetent leaseholder. We believe that the existence of distinctly under-market prices for leases helps to create this perceived problem. If leases were priced at a realistic market rate, operators would either have to be competent and successful or have to abandon the lease to the Corps. Underpricing leases subsidizes incompetence.

- A similar argument says that the Corps should not force concessionaires or developers to charge, in their turn, less than market prices. Successful cooperation with the private sector involves, among other things, taking advantage of the beauty of the decentralized price system and of the self-interest of private-sector management. The Corps' worry here may be partly political (just as with its own fees) and partly the fear of "price gouging." While it would take a full-scale study to prove it, our belief is that sufficient competition exists, or could be brought into existence by additional lease offerings, to keep prices to a competitive standard. At most Corps projects, it is very likely that within, say, an hour's drive at least one other offerer of water-based recreation will exist.
- A third area with potential for improving Corps experience with the private-sector alternatives -- and one that received considerable attention in interviews and workshops is that of nonprice regulations on the activities of lessees. A lightening rod example is the matter of liquor service. The ability to serve drinks at a restaurant may easily be the difference between success and failure. Yet permission to serve drinks is granted as a special concession by the Corps. The justification for this policy appears to be a concern that facilities be suitable for "family" recreation. Liquor is seen as destroying that suitability. A quick survey of high-quality privately owned destination resorts and even day-use facilities should be sufficient to convince the open-minded that there is no necessary inconsistency between the serving of liquor and the attraction of families.
- There is, however, one broad area of management that respondents agreed the Corps cannot abandon to the private sector -- the environment. The Corps' interest in site planning, protection of artifacts and shorelines, and maintenance of air and water (both ground and surface) quality is entirely legitimate. Just as with any form of pollution -- visual, noise, or materials discharge -- private-sector owners have no incentive to take account of the external costs of their action. They must be forced to do some things not in their narrow self-interest because of the larger social interest.

### Our second recommendation is, then:

- That the Corps work to change several facets of its policy toward private-sector developers and concessionaires. Particular examples include:
  - Lease terms should be longer, providing lease payments reflect market values.
  - Leaseholders should themselves be free to charge market prices except in what are probably unusual circumstances involving near-monopoly conditions.

• Nonprice regulation of leaseholder operations should be lightened up except as it pertains to the natural environment. As a particularly potent symbol of existing micromanagement, the treatment of permits to serve liquor should be changed.

### REFORMING THE BUREAUCRACY

The single most pervasive theme in the interviews and workshops was the multifaceted problem of Corps bureaucracy. Specific complaints took several forms, some of them apparently contradictory. For example, some respondents in interviews and workshops saw themselves as victims of petty tyrants at the project level. Others thought their local contacts were just fine but themselves at the mercy of arbitrary superiors. Many felt that approvals for private and even nonfederal public cooperative ventures take far too long because of the very long chain of command they must ascend and then descend. Some respondents called for a single "clearinghouse" of information that would allow them to go forward with plans under some certainty about Corps policies and regulations. Others (clearly those satisfied with local officials) wanted to see considerably more authority vested in local decision makers. Some suggested special training for Corps managers in how to work with the private sector. Others wanted the Corps to be forced to take more notice of local public opinion in shaping policies at specific projects.

The very diversity of the analyses and solutions offered tells us that this is not a problem amenable to simple solution. The Corps has its own internal logic and institutional dynamic. In the recreation area, particularly, it often finds itself caught between Congress and the President. The self-protective instincts of those at the top are reflected and refracted at successively lower levels. Project management could not ignore for long, even if no books of detailed regulations existed, the concerns of those who see the national and longer-term picture from the agency's point of view.

Our own third recommendation has two parts. The first is a rather modest suggestion that attempts to change the incentives facing those Corps officials most closely associated with nonfederal initiatives in recreation at all levels. The second recommendation is more sweeping and perhaps threatening and involves (possible) creation of a new institution to manage recreation at Corps projects.

### Thus our third recommendation is:

• That the Corps define a new functional area at every level. This might be called "nonfederal initiatives." It would be symmetric with real estate, natural resources, planning, etc. But it would have as its mission successfully involving state, regional, local, and private institutions in recreation development and management at Corps projects. Thus, career rewards would come from being helpful, prompt, etc., and at best, the "corporate culture" would evolve toward outward-looking service.

In summary, we believe that the paired goals of the recreation study will not be reached easily. But the most promising direction in which to look for a path to those goals is that of pricing. The Corps can improve social welfare and its own budget situation by pricing the services it provides -- and those provided by nonfederal and private partners -- at levels approximating what free markets would produce. In addition, the Corps could usefully work to clear away some of the underbrush in its nonprice regulation of those partners. And it might further consider modest or not-so-modest reorganizational alternatives that would change the incentives facing individual managers.

### APPENDIX A

NARRATIVE SUMMARY OF PERSONAL INTERVIEWS

Appendix A provides a brief summary of each interview conducted during this research effort. To provide the desired anonymity of the interviewees, each participant was assigned a number and is referred to by that number in the Appendix.

Persons #1, #15, #36

The Savannah Valley Authority is a state authority charged with the economic development of the Savannah River Basin of South Carolina. The respondents characterized the agency as "project-driven," being interested in any sort of project having economic development potential. The SVA's connection to the COE is that the "drainage basin of the Savannah River is married to the Corps of Engineers," as one of the respondents described it.

The respondent's first key point was this: the COE places too many restrictions on what may be done with its land, and it spends too much time telling developers what they cannot do on Corps property. By doing so, it limits the options of those who know about development. The respondent stated that the COE does not understand what people look for in development opportunities, asserting that "the only way they are going to be able to attract private dollars is to allow private developers to design and market projects in the way that they see fit." This was qualified, though, by noting that development does need to be done within the boundaries set by economic development goals, environmental regulations, etc. A few examples noted were of conditions of Corps leases that were believed to be too restrictive, in particular the prohibition against liquor, the limits on the length of time a guest may stay at a site, and the length of the lease (i.e., it needs to be longer). The respondents stated that they think the best thing that can be done to spur economic development via recreation area development is to sell some of the land at Corps sites to private developers.

Their second major point was that decisions concerning how Corps lands ought to be divided up should not be made by the COE. Neither should the COE deal directly with private developers. They would like to see most or all Corps lands transferred or sold to states who would then decide how to divide up the land and establish development guidelines in cooperation with local governments and in accordance with local and state economic development goals. The COE simply does not have the knowledge of local conditions and goals that is needed to determine how recreation lands ought to be developed. Furthermore, the COE cannot think like a private developer, and this is what it needs to do to be able to determine how COE lands can be made into attractive development opportunities for private developers. They commented that it is the job of state and local agencies, not of federal agencies, to pursue development of recreation lands.

One point they kept coming back to was that development on recreation lands must be supported by the economic development of the surrounding areas. They claimed to have had success in bringing this about in the case of Savannah Lakes Village. In this program, as part of the purchase price for the land (land of which the SVA had acquired ownership from the COE), Cooper Communities provided \$2 million, which was used by the Savannah Valley Authority to provide loans to support development in businesses in nearby communities. It was stated that economic development of the surrounding area is necessary for the success of recreation projects; the development of the surrounding community and of recreation lands must go hand in hand. Off-site support needs (e.g., medical, accountants) are important for making recreational sites attractive to developers and should be taken into consideration when devising development plans. There are two key judgments that the responsible public agencies ought to provide: (1) a measure of the public good that will accrue as a result of developing a particular recreational site and (2) an identification of the support facilities/services that will be necessary for the development of a particular recreational site to occur. In short, what are currently Corps lands need to be seen as a resource to be utilized as part of an overall economic development scheme administered at the state and local levels.

By utilizing the above approach, the respondents claimed that the SVA has been very successful in attracting private dollars for the development of recreational areas. They think that hotels, resorts, theme parks, etc., will be most successful if privately owned and run with a minimum of government interference (with the exception of certain environmental protection laws, regional economic goals, etc.). They see no need for grants or subsidies to developers; they believe that if developers are allowed access to recreational lands and a free hand (within, once again, certain guidelines), then economically successful development will occur. One respondent thought that even as little as 10% development of this sort would make COE development projects economically feasible.

### Person #2

The respondent representing the Department of Natural Resources in Indiana stated that there are nine reservoirs in Indiana. From the beginning, the DNR has assumed full responsibility for the operation and maintenance of reservoir recreation areas (with the exception of the dam itself, the boat launch ramps, and the water). The financial responsibility for the acquisition and development of these sites has been 50/50. For land purchased jointly with the COE, each side has put up 50%. There is joint planning and development of the site, and each side pays for 50% of the designing and development costs. The DNR is satisfied with this arrangement. The DNR in general is interested in acquiring additional recreation lands, and it is interested in cooperating with the COE as much as it can. There are no specific plans to acquire more recreation lands at this time, although, were it to acquire lands, the COE would prefer to do so through purchase of the property. The DNR is also interested in entering into agreements with the COE to operate and maintain other Corps recreation facilities, although no specific sites were mentioned.

The conditions that would be required for the DNR to take over areas from the COE are those under which they have worked in the past: 50/50 cost-sharing for capital construction only. The COE would not have to split the O&M costs with the DNR. The COE would have to allow the DNR to charge user fees and keep the entire proceeds, but it was stated that they would not mind the stipulation that all such funds stay within the state park system. As far as control of these sites, the DNR must have 100% control over the operation of those areas under its direct jurisdiction. It is not the COE's job to provide O&M or oversee (closely) O&M at these sites. The DNR would accept the requirement that it be required to submit five-year and yearly plans to the COE; however, the DNR does not need the amount of oversight it is getting from the COE at this time. Challenge grants would provide additional incentive for the DNR to take over and manage Corps recreation facilities. No philosophical, financial, or legal constraints are seen that would make it difficult for the DNR to take over COE facilities, with the exception that the DNR is not able to find the state legislature.

The DNR has had some success with private developers on reservoir recreation areas. At Monroe Lake (approximately one hour from Bloomington), there is a destination resort called the Inn at the Four Winds and a privately run marina. The property is leased from the Corps. The only money the state makes from this is from gate fees (this money is reinvested in the project). This development was characterized as successful in that the area is being used, it is still attractive and ecologically healthy, and it is self-sufficient. The presence of the privately run facilities has been the key to making the reservoir self-sufficient. Overall, approximately 75%-80% of the state parks in Indiana are self-sufficient. Some make money (those near population centers or with facilities which attract large numbers of people) and some lose money. Whether a recreation facility loses or makes money is not necessarily a management problem; some facilities are simply not intensive-use areas (e.g., nature preserves, primitive areas). Fifty percent of Indiana's reservoirs are self-sufficient. This is because there are all sorts of things for which you cannot charge a user fee, and in remote areas it would cost more to have people in place to collect fees than they would collect.

An ongoing project with which DNR is very pleased is Patoka Lake. The DNR's approach there has been to divide the area around the lake into different "user areas": part of it is a wildlife preserve (there are eagles here), another part is a state recreation area (picnic areas, campsites, etc.), and a portion is reserved for commercial recreation. The DNR feels that some sort of theme park, wildlife park, or amusement facility is needed in this area to draw people to the reservoir and make it self-sufficient. This land will be leased to private developers; the DNR will not transfer or sell the land to developers. In addition, physical construction and improvements must be approved by both the DNR and the COE. Rates must also be approved by the DNR and COE. The DNR first talked to private developers to determine what sort of development potential this area of the reservoir has, then put out a prospectus to elicit proposals for the site. But nothing has been decided at this time. The thought behind this kind of development is that although every area of the park cannot be all things to all people, the developers can give people most of what they want by providing different use areas in the recreation part.

The DNR has been somewhat successful in offsetting the costs of some of its recreation facilities by leasing some portions of its lands (primarily strips of land) to farmers. The DNR takes cash bids from farmers for the right to plant on these strips. The farmers are required to leave 10% of the crop as food for wildlife. The farmers do not always pay very much for these strips (some of the plots are either difficult to get to or twisting), but there has been steady interest from farmers in planting on these strips. This also helps the DNR to provide adequate feed for animals on its lands.

### Person #3

Fairfield Communities had not had much in the way of direct dealings with the COE in the past, although a number of its developments are near Corps lands. Fairfield Communities constructs condominium communities in scenic areas, the units of which are then either sold outright to single individuals, sold on time-share, or rented out. Fairfield is the largest time-share concern in the country. At this time Fairfield is primarily pursuing the development of sites near large tourist cities such as Orlando and Las Vegas.

The respondent did not consider himself to be very familiar with Corps projects. He stated, though, that if Fairfield were to be at all interested in developing Corps lands, it would require the outright sale or transfer of Corps property to Fairfield. A lease of any sort is out of the question. Furthermore, the firm would have to have a free hand in developing the site. The Corps could have some minimal control over the property (e.g., some approval of site planning and the infrastructure) but would for the most part have to allow Fairfield to develop the property in the manner it thinks will allow the development to be profitable. Fairfield would not necessarily require the Corps to provide the infrastructure; this decision would be made on a site-by-site basis. Fairfield would be willing to provide some operation and maintenance of adjoining Corps property if it contributes to the attractiveness of Fairfield's development. Fairfield would be interested in seeing what might be available through the COE, but there would have to be something in it for Fairfield.

The respondent noted some things that keep private developers from being interested in placing developments on Corps lands: the leases are too restrictive (setbacks from beaches being too wide, alcohol restrictions, and lease lengths are the particular things he named). The lease allows the COE too much control over developers and restricts ingenuity and creativity. EPA statements, although a fact of life now, tend to bottleneck development. The failure of the Corps in many cases to have a development plan and study of site potentials in hand prior to accepting bids from developers keeps developers from being interested; a good idea of what sort of development particular sites might be suitable for would make Corps projects more attractive to

private developers. The COE's biggest problem is that it lacks a marketing mentality; the developer/marketer looks at things in a way different from the way in which the COE looks at things.

### Persons #4, #19

Two respondents whose business is interested in both a potential private development effort as well as a bait shop concession began working two and one-half years ago with the Corps to try to initiate a project. They note that they "are no further now than they were when they started." This is compounded by a written approval which was later rescinded at the division level.

The respondents describe the approval process as "jumping through a lot of hoops" to the point of having written approval for the project. Later, when checking with the division, they were told that the project was not approved. Thus their recommendation #1 below.

Another situation was reported where a plumber was laying a sewer line and went "over" the line and did not leave enough footage for Corps regulations. The local agent "reamed out" the plumber, the developer, and even went to the 73-year-old owner and "chewed him out" for making the error. They do not believe this to be the type of communication that the Corps desires, and certainly the public does not.

The respondent's view was that the government sets standards at levels so high ("at least double") and redoes studies ("engineering studies until you get what Corps wants") that contractors must bid high because they know the government will be involved, "The way the Corps operates, anything will cost at least twice as much." They cite an example of getting bids on road construction. Their contractor paid \$10,000, and the Corps said that "you can't do the road for less than \$50,000." There were plenty of examples in the area of the reputable contractor's roadwork being of good quality.

They have the perception that if the Corps is in control at the project level, they do a good job. But if the private interest is there, the Corps does not seem to want that and will do anything to dissuade or remove the private interest.

The respondents' observations and recommendations were:

- 1. The Corps does not have a structure set up for authority to make decisions, and this is especially frustrating when someone at a higher level reverses a decision made at a lower level.
- 2. If permanent-type work is to be done (trees, road, dredging, etc.), the Corps should participate and contribute.
- 3. The Corps seems to require private groups to do things the Corps has not done in the past and will not do in the future. They cite an example of an Indian burial area: when the Corps had it, the Corps let 4-wheelers drive over it, but when a private developer wants to use it, the Corps requires fencing, etc. They stated that "first the Corps tries to wait a private interest out to the point that they give up but when they see the private interest is staying in there, they try to 'cost them out' by throwing new requirements in front of them."
- 4. COMMUNICATION is a major area for improvement both within the Corps itself (people to contact, who knows the rules and regulations, who has what philosophy) and with the public (what is expected up front, what the total process is,

developing a list of "steps to be done" as a starting point). They cited an example of not hearing from the division for several months; and when contacted, were told apologetically that "someone" at the state level had told them they had abandoned the project. They also noted that the Corps had called the governor's office saying that they wanted the project built, but the Corps did not want to do it.

- 5. Put decisions in local hands of local people who know the project. Omaha is unfamiliar with the situation in this area. Omaha can set the guidelines, but let the local Corps office meet the guidelines. Make sure there is only one group to deal with and not this chain of decision makers.
- 6. Get clarification on who has what authority when. This would help the concessionaire/developer know ways to proceed and build in necessary information, steps, and resources.

In the private world, if this project, which has gone nowhere in two years could not be worked through the approval process in six months, they would "fire and rehire" because it should not take any longer than six months. Right now they feel they are no further than they were, except they are out considerable money. At the same time, they are not giving up yet.

The Corps appears to have worked so long in a "sheltered world" that it does not know/have private enterprise perspective on what is needed to move forward and accomplish something together.

Before leasing to the private sector, a comprehensive plan of all land in the area and financial plan on how to operate should be prepared by the Corps. This allows review of the potential of the developer to progress positively with the necessary resources and plans in place to meet goals and expectations.

There are many cases when the Corps of Engineers is sincerely interested in public benefit, but the problems with decision making and decisiveness (riding the fence) create frustration.

The state would probably want to have authority to sublease with the private sector.

Potential is there to upgrade facilities. The Corps cannot do this under current program.

The primary problem is that the existing areas the Corps manages are federal responsibility, and, therefore, it seems inappropriate for the state to assume the burden when the state gave up responsibility for downstream users. And there is the obligation not to further tax the population.

The secondary problem is Corps bureaucracy -- which tends to create a lot of hurdles that can slow down the process AND add costs.

### Person #5

This respondent's expertise is in concessionaire management at an administrative level. Park Service facilities range from totally concessionaire-run to totally government-run. A Park Service task force is presently evaluating the role of concessionaires. The general feeling is the Park Service may back off concessionaire activity slightly because some private groups are getting too powerful. Most private operations are barely working on the margin. Some corporations put together recreation chains, bus-boat-camping, which get too close to monopolistic situations. The Park Service has a good permitting procedure in place, NPS 48. All aspects of the agreement are



laid out very well, and it has worked quite well up to now. They have found that they need to keep close control of the design/construction process, because private groups tend to cut corners or stray from the theme the Park Service wanted.

### Person #6

This respondent runs a restaurant/marina on property leased from the Corps. In his words, "If I had it to do over, I wouldn't. Regulation of the pool elevation and the drought has had a severe impact on business -- only 50 out of 130 slips are in the water. The entire permitting process has been tedious, inefficient, and seemingly never-ending. The Corps leased him 70 acres, but last year the Corps restricted half of it for archeological reasons. He feels the Corps should extract what they need and get off his land. Another example: Someone at the Corps told him he could excavate at 3:1. After he finished, they told him to go back and do it at 2:5:1. Lease conditions have been a constant battle. The local Corps has been fairly cooperative. But when he has to deal with the Corps at the division level and higher, he runs into red-tape and time constraints, all of which hurt business tremendously. He suggests turning over the land to the state and letting the state sell it off. He thinks there is a good opportunity for time-shares, condos, etc. The Corps could provide cheaper power also. He also suggests the Corps avoid across- the-board policies, because supply-and-demand conditions vary greatly from region to region.

### Person #7

He is a member of an Indian tribe. A general feeling of prejudice is felt by the Indians. Tribal lands occupy one-third of the reservoir shoreline, and only two Corps recreation facilities have been built on tribal lands. They feel the Corps ignores them and provides no support. One recreation site is surrounded by tribal land, but the Corps leases it to a party other than the tribe. They feel this as a "slap in the face." The Corps does not recognize tribal fishing permits. Cost-benefit-based decisions do not capture the benefits a recreational development on tribal lands would provide to the tribe (alleviate unemployment, and other social problems). The tribe could offer roads, maintenance, archeological expertise, fishing tours, and labor at a recreational facility. They are looking for just one site to start out, then progress from there. The Corps could have a "set aside pot" for the Indians, similar to the Bureau of Reclamation. Other federal agencies have special policies regarding the Indians as well.

### Person #8

This respondent has helped a very rural county in the permitting process of development. He suggests that rural counties for the most part do not want/need to be involved in the process. They have neither the expertise nor the financial backing to be a major player. Thus, the Corps should deal directly with the developer or the state. Let nonfederal groups get involved in recreation, but a clear paper trail to attain such an agreement should be established. Furthermore, communication from the Corps needs to be enhanced. There are too many involved parties acting on speculation, where the Corps could clear things up significantly with some communication and well-defined policy. Capital improvements should be cost-shared or provided by the Corps.

### Person #9

The Corps has committed itself to providing recreation and should continue to do so. Federal, state, and local recreation facilities at one lake could consolidate. This situation offers prime opportunity for the Corps to give up some land. Some areas are maintained too well. A

subsistence level of maintenance should be determined, thus lowering O&M costs. Maintenance-free facilities can be constructed (e.g., concrete tables). Educational campaigns for "public pride" and cleanliness of parks should be carried out. "Pack-in, Pack-out" slogans will lower O&M needs. Demand for privatization is just not there, recreationists will go to publicly run (the least expensive) parks. It could be considered if demand was there and the public's interest was maintained. Cost-sharing is a good alternative, but a major stumbling block now is that the state is on a biannual budget, and the Corps works on a fiscal budget. The cost-sharing program has to be revamped.

### Person #10

This respondent has worked successfully as a state liaison between the Corps and private interest groups for various projects. He believes that there is fear on the part of local Corps of Engineers employees that agreement with any private interest on projects will ultimately result in a loss of jobs.

The respondent observed that there needs to be an ongoing dialogue at the district level in order to work cooperatively and to assure local people they will not be left out in the cold. Also, there needs to be a cost-sharing agreement with the state to develop a team approach, but make sure it does not cost the taxpayers to take over Corps responsibilities. If the actions improve the current situation, the Corps must be willing to contract with the agency to pick up the difference.

Policies need to be clarified and communicated widely. A policy allowing cooperative work now exists, but people seem to either not know it or not "buy it."

This respondent believes that selling Corps lands to the private sector will <u>not</u> work politically and would be a political mistake. Already the public sentiment has been tested to its limits.

### Persons #11, #16, #29, #33

These respondents represent the local governments involved in a condominium development process. They do not want to be involved as a player in the negotiations. They do not have the time or expertise to see through the permitting process. The Corps fails to recognize it is dealing with laypersons. Communication is a significant problem -- the local governments simply do not know what to do. A mitigation campground would help the area economically. There is a demand for primitive-to-resortlike recreation, and the new campground will probably be successful. If the Corps would put in a boat ramp(s), the county would provide a road(s). This type of cooperative effort is welcome. Slightly higher fees could be obtained with very little change in demand. Some of the land the Corps bought for the reservoir is not being used. The Corps feels this land should be sold/returned so it can be placed back onto the tax roles; as it is now, it is just barren land.

### Person #12

This subject was familiar with the operation of one state-chartered development authority and explained the history of the organization and its current situation and functioning. The concept for the authority was that it would obtain the master lease from the Corps and oversee infrastructure investment (roads and beaches). Then the parts of the operation with the most profit potential would be offered to private enterprises. These would pay a percentage of their gross receipts to the authority.

In the event the sublease turned out to be small, undercapitalized firms that could not handle the rough spots caused, for example, by adverse weather patterns could receive support. Of the original eight subleased from 1976, only two are still operating at the authority's development, and one of those is in Chapter 11. (The respondent felt that using bid price as the sole determinant of choice among potential lessees removed the authority's chance to look over the full set of relevant characteristics.)

The authority has gone to annual licenses for concessionaires in an attempt to keep their own flexibility to change operators. At the same time, they have been willing to build facilities to be used by concessionaires to cut down on the concessionaire's up-front capital costs.

There was, in any case, no stampede to bid for the facility leases. The respondent attributed this in some large part to a reluctance on the part of potential operators to deal with bureaucratic red tape. For example, even though the authority had the master list, all arrangements made under that instrument were, in principle, subject to two approval requirements -- the authority and the Corps. (In practice this has turned out to be largely a formality.)

The authority has not so far been able to become self-supporting -- defined as covering all operating and maintenance costs out of revenue. (But not, significantly, including the necessity of covering the costs of the initial infrastructure investment.) A consultant has persuaded the authority, which in turn has persuaded the state, that the addition of a second hotel and another golf course would provide enough additional revenue not only to cover the new capital and operating costs but also to make up the operating deficit of the existing facilities. The second hotel is now operating, and it remains to be seen what will happen.

The annual budget for the authority is currently about \$14 million and it employs on average over four hundred people. The original lease was for fifty years. It was re-extended to fifty years from 1987. The state of Georgia has \$40 million (in early 1970 dollars) invested in infrastructure. There is substantial Corps money as well.

Overall, the relationship of the authority with the Corps has been extremely good, though he mentioned areas that could be problems in other places or with other personalities. For example:

The lease-flooding clause Permission to serve alcohol Regulation of rates charged by subleased Corps approval of structural investments

He emphasized that in some cases the Corps was as useful as a gorilla in the closet -- for example, in protecting trees and shorelines from developers who would impose external costs on other users.

The authority's experience suggests that resort development is a tough game. The respondent said that this development is a destination (as opposed to a day-use) resort. Roughly 75% of revenues come from the two hotels. The development is roughly forty-five minutes from downtown Atlanta and perhaps an hour from the Atlanta airport. In his view, a hour is a long way for a successful major resort. Overall, he felt the Corps was probably sitting on some major opportunities, but that the Corps would need to reduce its restrictions on what private enterprises can do.

#### Person #13

This respondent observed that there is a high level of desire for development along the Missouri River. He was on the 1986 South Dakota Tourism Task Force. He notes that the private sector is applauding the effort to develop cooperation and will share a copy of the USTTA task force report regarding ownership of public lands.

Water levels are causing problems, and it appears there are plans for opposition from the city of Mobridge. Current policies were developed for the 1940s and 1950s, when there was little or no priority for recreation relative to navigation, and they need to be brought up-to-date.

The area is now in the worst drought since dams were constructed, but this could be reversed if the operations manual could be revised.

If the Corps is serious about partnerships, then it must speed up the decision-making process and give priority to being decisive.

There are currently no criteria to follow when working on proposals, therefore, every single time the Corps is given a proposal, it must be measured against some past action. Set some guidelines and criteria to move forward.

### Person #14

This respondent's involvement with the Corps has primarily been in connection with the State Film Commission, with whom he worked before coming to head up tourism development. The Film Commission's dealings with the COE concerned the making of films promoting reservoirs in the state. His current department, the Department of Economic and Community Development, seeks only to act as a catalyst for economic and community development. In this capacity it does seek to promote and market Corps facilities. It has no interest in operating or maintaining recreation lands. Neither does it at this time lease lands from the Corps.

Currently, however, the Department of Economic and Community Development is considering acquiring 6,000 acres of lakeside land (by lease, not purchase or transfer of ownership) from the Corps for the purposes of bringing in a development by Cooper Communities. The land would be run by a state authority, and then the developer would return to the state rent or lease based upon the fair market value of the land. According to the respondent, they are primarily looking at sites close to a major metro area of a neighboring state. However, this is as far as the development plan has been taken at this time. No site has been selected or master plan developed. It is still in the very early planning stages.

### Persons #17, #24, #28

According to one respondent, 55% of the recreation areas operated by the state are on sites leased from the Corps. From the beginning, he stated, there has been a sharing of operation and maintenance costs with the Corps.

One point this respondent emphasized is that the goal of state parks is not to make money. The design changes necessary to make them profitable, he claimed, would detract from their attractiveness. He expressed concerns over what would happen to the quality of already developed recreation lands if private developers and concessionaires are allowed to operate on Corps lands. He felt that there is not enough motivation for private industry to keep the lands and facilities in top shape. Any privatization must be designed into the development plan for a recreation area from the very beginning and must be carefully controlled. Another concern he

expressed is for the loss of revenue for the state. At this time, the only revenues the state collects from its recreation lands are fees for the use of specific facilities (conference centers, campsites, etc.) and sales. These provide 60% of operating funds for recreation areas (the remaining 40% comes from legislature). He thinks that it does not make sense for the state or Corps to retain many of the expenses of upkeep yet give away the moneymaking end of it to private industry. He sees this as taking money out of the park system instead of keeping it there to fund and maintain parks. "If there is money to be made by a park system, it ought to be retained by the park system to reduce the tax burden" (i.e., the money that the legislature has to provide for operation and maintenance of parks over and above what the parks bring in). He also observed that some business people in his state had expressed unfair competition between preexisting businesses and those on Corps lands.

The same respondent stated that a real limitation on the ability of the state to take over the development, operation, and maintenance of Corps lands is financial. For example, his agency does not have the front-end money for construction. Concerning the possibility of some other agency taking over the operation of Corps lands, he stated that all the Corps parks he knows of are very well run; there is no way that any other agency could do it more efficiently or cheaply than the Corps does now. He feels that the Corps had originally promised to provide operation and maintenance for its recreation areas in the state and that it needs to fulfill that promise. If change is necessary, though, he thinks that a state agency would be best suited to provide O&M at Corps areas. He has no objections to the Corps leasing lands or facilities to other public agencies whose jurisdictions overlap or are contiguous with his agency's.

He further said that the state is interested in obtaining leases on additional Corps lands, but the Corps would have to provide maintenance, housing for the park employees, etc. He did say that the state would be willing to split the costs of any needed new facilities or repairs, but it would be difficult for his agency to get such money from the legislation, which is where the money would have to come from. Also, the state would not take over Corps lands just to take them over. Any area the state takes over would have to genuinely further its goal of providing recreational opportunities for the people of the state. For example, if there were Corps lands available in an area with few or no state parks available, then the state would be interested in leasing some land from the Corps. However, even if an area needs a state park, the state is not always able to provide it. He noted that he had had fourteen requests for new state parks in the last year, but the legislature was simply unable to provide the money for them. He did express some interest in the possibility of the Corps simply transferring ownership of some of its property to the state.

The group collectively did see great potential benefits from further cooperative ventures between the Corps and the state. For example, they would like to see visitor centers and interpretative facilities run as cooperative ventures between various state and federal agencies. This would not have to involve any money changing hands among the agencies involved. The cooperative venture would simply be each group doing what it can with its own resources. Areas of responsibilities would be determined by agreement among the groups.

One respondent did suggest that the Corps could save money by selling recreation equipment (especially movable equipment) from closed-down recreational sites to local recreational providers rather than simply bulldozing the equipment as it does now. It would even be cheaper to give the equipment away rather than bulldoze it (and the Corps would get some valuable PR exposure).

#### Person #18

The respondent runs the operation of the Park Service concessionaire program. They use planning guide, NPS 48. Nationwide in 1988, there were \$480 million in concessionaire revenue,

about a 9.2% return on investment. In the Northwest it is difficult for concessionaires because of the short season (three to four months). Therefore, the Park Service subsidizes their operation. They do not want their concessionaires to fail -- they work with them. They have had to be creative about getting funding through OMB.

### Person #20

Involvement of this respondent with the October 1988 pre-bid meeting was solely in connection with the search for a developer connection. He has had a great deal of experience with Corps projects, but almost entirely at military bases; almost none with the recreation side of the Corps. He has done a lot of recreation/resort architecture and engineering work but not for the Corps.

His only really relevant comments were: (1) the Corps District Office has large responsibilities other than recreation; and (2) developers do not read the <u>Commerce Business</u> <u>Daily</u>. If the Corps wants to contact them, it has to use their professional periodicals.

### Persons #21, #35

These two work at the state capitol and represent the prevailing views of the governor's office. They are "ready and willing" to come to (almost) any agreement with the Corps on recreation. The state is convinced that recreation is crucial to its growth. It now receives very little benefit from the Missouri River Projects; thus recreational opportunities are "owed to them." Stumbling blocks to this point have been policy conflicts, communication problems, and a lack of a clear-cut procedure to come to any type of agreement. A high degree of frustration has been experienced, and they feel it is because the Corps itself is not sure what it wants to do. Facility level personnel are sometimes difficult because they feel their jobs are at stake. Developers are discouraged because of the long red-tape process. If the Corps was serious about nonfederal participation, it could make the process easier. They suggest the Corps offer conditional approval so developers can get to the next step. Another suggestion is to require a bond put aside for reclamation should an endeavor go under. This would alleviate the Corps' fear of abandoned projects.

### Person #22

A cost-share agreement requiring capital and O&M funds, as the present policy dictates, is not considered attractive. In the 1970s the Corps required considerably less financial commitment from the nonfederal partner. This state will open up five new parks by 2010, and taking over a Corps site could be a good alternative. The state would certainly be willing to go into a partnership. They have some land next to Corps land that they would like to run, but the Corps does not seem interested. Whenever the Corps is involved, red tape slows up things tremendously. They have a few concessionaires, but they keep very close tabs on them -- they are treated more like employees than lessees. The Corps needs to recognize that it is an integral part of the nation's recreation, and should put some time and money into it. In other words, the Corps needs to show commitment to recreation.

### Person #23

This subject is the director of the State Board on Tourism. The state found river development to be the chief opportunity for tourism and economic development in the state. Increased demand for recreational facilities has been experienced in the past twenty years and is expected to continue. In dealing with the Corps, communication has been the major problem. It

is virtually impossible for rural area governments to deal with the Corps directly. The problem is a combination of unnecessarily long and unclear permitting procedures and individual personalities at various levels in the Corps. When dealing with the Corps, the prevailing attitude is "prepare to be frustrated." As the nation's major recreation supplier, the Corps should concentrate more on hospitality training. It was also suggested that more flexibility be permitted in the leasing agreements.

#### Person #25

As a representative of a major regional developer of a resort complex, this respondent has a definite interest over time in the private recreational development along the Missouri River in the state. The firm operates resorts and has been involved with development projects on publicly owned recreation lands.

He cited an example of a problem wherein a Corps person, who fears for position or activity, starts spreading "horror stories" to campers to generate major letter-writing campaigns.

A developer does <u>not</u> currently have options (development tools) available because of federal land regulations, for example, inability to get ownership of land. This provides a "Catch 22" wherein the developer tries to get leasing, but there are restrictions and clauses, and when presented to lending institutions, there is reluctance to get funds for lack of permanency. Getting money is extremely hard for the lodging industry. The Corps should look at thirty-year windows and not just brief five-year windows. It takes time to line up and recoup investment money.

In addition, developers must invest six-figure amounts on major projects <u>before</u> they have an idea if they are going to be able to even get a lease. Clarify as much as possible <u>before</u> the project starts so that, later, the Corps does not "dig out surprises" (for example, later lowering water level excessively and not informing people).

If the Corps wants to retain control, it should allow the public to buy time-shares where contracts specifically state the public can own X amount of time. A big incentive for cooperation would be to allow for time-shares and private ownership that fits within the leasing of facilities.

When bidding gets too complex, the Corps gets poor-quality bids or no bids. Observations/Recommendations

- 1. It has been helpful to have a point of contact with the Corps who knows related information or can track down specific information.
- 2. The bureaucracy of the Corps appears to have sets of regulations and rules which are used to the benefit of the Corps on an "as needed" basis. The Corps seems to have its own interpretation of the various policies, regulations, etc., and these are used only at critical times to move against a project.
- 3. Would like to work with the Corps on a project with the approach that when there is a problem, the team asks, "What is stopping this at this point?" and works to move on from there. This is especially important when many stops do not make sense. It appears that the Corps applies a different set of rules for developers, than to itself, and it is extremely difficult to get answers. This in turn gives the definite impression that the Corps does not want to work with developers.
- 4. Persistency is about the only thing that seems to get a project through the Corps of Engineers.

- 5. Put a project under one (functional) area, not so many different areas within the Corps; and turn projects over to the state level or perhaps even to the local level. Somewhere so the project does not "disappear" into Washington DC. "Surely the Corps would like to get rid of all the hassle of projects" and turn it over to state or a special area within the Corps.
- 6. Improve communication. There are situations where the Corps communication process is quite weak, one hand does not know what the other is doing. Cited were instances of press releases noting Corps announcements that Corps projects were going to close.
- 7. Improve attitude. There is a "protect your own butt" attitude within the Corps.

  Personnel appear to follow the letter of the policy statement and follow that policy instead of taking a "How do we work together to make this happen?" attitude.

  Everyone appears to be afraid that because of the Public Disclosure Act, information about a project will come back to haunt them. Therefore, working with the Corps on a development is bogged down in the minutiae of regulations.
- 8. This person visualized working with the Corps on a development project as trying to move a big cube up a hill, where lack of information, poor communication, lack of knowledge about rules and regulations (often used against the developer), and people/turf/personalities are the edges and corners that impede any movement whatsoever. The only lubricant is people trying to make things happen.
- 9. Set and communicate parameters at the beginning of a project. Develop a list of government standards "up front."
- 10. Establish one place to go for rules and regulations; if rules are not pertinent, be able to obtain an exception. Make this a "central clearinghouse" that does <u>not</u> have to play politics, and staff it with quality people and quality guidelines to ensure a quality level of results.
- 11. Establish rules and regulations for NOW and the FUTURE. Too many rules are for "dinosaurs," the effects of which are felt all up and down the river (e.g., shipping coal via trains versus barges with water traffic and water level problems). The world <u>has</u> changed in the last forty to fifty years! What are the new priorities?
- 12. Advertise where the trade people read, for example, national association listings and national publications -- not just in local newspapers, which the major players may be not reading.
- 13. Make things clear and make things simple -- the government and the people will get a better deal.
- 14. Go outside the Corps and find developer(s) to discuss recreation alternatives; the subsequent insights will prove mutually advantageous.

#### Person #26

The respondent stated that his firm had been involved with the Corps for approximately six years since its founding in 1981. His firm performed preliminary studies for the waterway management center at the Columbus Lock and Dam on the Tombigbee River and designed the buildings and interiors. At the Aliceville Lock and Dam (near Aliceville, Alabama), his firm

designed the visitor's center and oversaw the construction phase. His firm also helped to develop the master plan for the Blue Bluff Resort Complex in Monroe County, Mississippi (attached). The involvement his firm has had with Corps projects is limited in that it did not engage in the operation and management of sites. However, he rates himself as very familiar with Corps recreation operation.

He stated that, overall, he had found the Corps to be a knowledgeable, interested, and helpful client. One major difficulty for the Corps, as far as its ability to cut expenses, is its inefficiency. However, he thought that, to a large degree, system "corruption" would make it difficult to improve efficiency. One area of operation that he thinks could be improved is its process for accepting bids from private industry. He stated that, at this time, the process takes too long and that this provides a disincentive to private industry. He suggested that the process might be reduced from the present two-review system to a single, careful review. He also characterized the procedure whereby the Corps awards projects as "capricious," stating that there seems to be no consistency. According to him, the Corps oftentimes ignores companies with proven track records and familiarity with the Corps, in favor of less experienced and less capable companies. He sees the primary problem as resting with the first level of selection. He states that the initial "weeding out" of bids is done by people without a knowledge base appropriate to making informed decisions. He stated that the Corps could best increase its efficiency and learn what appeals to private developers by interviewing large developers (he mentioned Marriott). He stated that "this would probably teach them a lot." The Corps could hire developers as consultants with an eye toward finding ways to streamline its procedures and make Corps projects more attractive to private developers.

He stated that the Corps needs to pay greater attention to market considerations too. He observed that it often misjudges the private market's ability to bear development and maintenance costs. Many of the sites that the Corps wishes private industry to develop and maintain are too remote, would require large capital investment with low chance of adequate return, and are too high risk for most private developers to be seriously interested in undertaking their development. A prohibitive factor in many areas of his state, for example, is the absence of infrastructure (roads, sewers, etc.). However, he felt that, in at least some cases, the infrastructure problem could be worked out by the Corps through agreements with local government. He suggested that the Corps hire private developers as consultants to make reasonable cost estimates and to suggest what sorts of development can reasonably be expected by private developers. As an example of the way the Corps should proceed, he gave me a copy of a study done for the Blue Staff Resort Complex.

One idea that he thinks could strongly entice private developers to take on projects on Corps land is a grant program similar to Community Development Block Grants. He noted that such a program had helped rebuild downtowns across the nation, and he thinks that this would help induce private developers to develop and maintain Corps lands. He thinks that this is better than direct government subsidies, since it does not directly involve government money. The money for these grants would come from banks and be guaranteed by the government.

He strongly advocates increased involvement of state and local governments in the development, operation, and maintenance of Corps lands. For one thing, the success of resorts, hotels, marinas, etc., on Corps lands depends to a large degree upon the economic condition of the surrounding area. Local and state governments are best equipped to work with private developers and the Corps to secure economic development for areas around Corps lands. He also thinks that state and local governments would be very happy to gain some control over Corps lands since some of them are prime real estate. Some sort of cooperative arrangement between the Corps and state and local governments (or between private developers and state and local governments), which could be beneficial to all concerned, could probably be worked out. The Corps should more aggressively seek the involvement of state and local governments.

#### Person #27

The respondent works as an executive director with a development corporation involving seven communities and two tribal nations. He perceives the state area to be economically slow. Future trends all point to tourism as an economic tool -- and the cultural history of the area is one key to attracting the tourist population. He has had a successful experience with a Native American "Loop" at the Big Bend Dam which has increased visitation 33% in one year. People drive off of the interstate to visit various cultural sites and activities along the route. He has had a situation with a Corps person who was giving out confidential information in an attempt to "sabotage" and close down other projects.

# Observations/Recommendations

- 1. Get the Corps to decide its policies, goals, and directions; then put quality people in place who support those goals and let them monitor performance.
- 2. Things will not work if the Corps permits one person to control use and stops the public from enjoying what is already theirs.
- 3. Develop a fairer policy for the entire length of the Missouri River. No one region should be depressed because of another region's goals (referring to draw down of reservoir levels for downstream navigation).
- 4. People in the Corps who built the river management system had a "vision" -- they left the natural beauty and did not spoil it with concrete and they are to be commended. So leave it that way and do not spoil it in the future.
- 5. Need a quality liaison person from the Corps who is knowledgeable, personable, informed has a noncaustic personality, and is a team player. Give the information to everyone. As it is now, people are not even comfortable asking the Corps person to attend critical meetings.

#### Person #30

The respondent has conducted academic and project-type research for the Corps, but mainly for the Forest Service. The Corps has defined a safe, predictable recreational opportunity which plays an important role. The problem is that the Corp's general mind-set is fairly uncreative in terms of recreation management. An "engineer's attitude" exists which is maintenance-oriented. The militaristic agency culture is very visible in the Corps. As recreation providers, the Corps needs to concentrate on trying to hire recreation specialists who know the recreation industry and know how to provide service. This has to be defined at the bottom and enforced at the top. Offering privatization opportunities would shakeup the traditional Corps thinking as well as increase efficiency. The Corps could cut costs through more efficient O&M practices.

#### Person #31

There are positive examples: i.e., at the Lewis & Clark Res., the private sector, the state of South Dakota, and the Corps worked very well. Spring Creek could easily be improved for a more positive result. Also, the proposed River Ranch (which will eventually be done) will be successful.

However, he mentioned a situation in which the state leased a recreation area. During a storm, high winds and wave action devastated the area, eroding forty to fifty feet of shoreline

overnight. In essence, it was a natural disaster. The state did not have resources to fix it, but the Corps called and said, "You leased it. It is your responsibility to repair!" But the state does not control the water level, and the state did not have the money to rebuild. Corps management of the reservoir level was not adequate in the circumstances. He warned that it was necessary to watch out for the Corps "looking the other way" and showing favoritism with concessionaires.

#### He cited as examples of inconsistency:

- 1. It took two and one-half years for a development on private land, across the fence from Corps access, to get a road and a simple gate for access to the property. The Corps regulations and the person overseeing this were unbelievable.
- 2. A concessionaire had an exclusive right to sell gas, but big boats could not make it to the docks to gas up. However, wholesalers could provide the gas to the boats through long hoses at 40 cents per gallon cheaper. There was a confrontation with the concessionaire on the "exclusive" right to sell. The Corps was far too protective of the concessionaire.

#### Observations/Recommendations

The Corps does a good job providing the BASICS of recreation, private groups are much better at providing such things as hotels, etc.

Frequently the Corps seems to hide behind protecting wildlife and natural areas for the good of the public when a private contractor is wanting to come in -- but in reality the public would be better served when private groups are allowed to come in and work together.

It appears that if the Corps does not want to do something, it will bring up new ideas and requirements to stop or slow it down.

When the Corps is managing a project and does not require its own people to do something, why does the Corps expect others to take the responsibility. Examples were given of 4-wheelers driving over a Corps-managed area. The Corps did not do anything to stop or control them, but when private interest is discussing it, the Corps expects others to take care of the problem. Thus, the Corps should not demand, under a new lease, something the Corps itself was not practicing.

Another simple recommendation, improve communication and consistency in doing things.

#### Person #32

When we explained the purpose of the interview and the source of his name (the October 1988 private sector initiative meeting), the subject reacted very strongly).

The meeting was "a joke" because:

- The Corps had not done its homework, by which he explained he meant market analysis, thinking about site assets and liabilities, and setting out at least a general site plan.
- The Corps had not targeted the proper developers -- corporations or individuals with access to major amounts of investment capital. (This subject's estimate was that of the twenty to fifty attendees, five or fewer were even developers. The rest were "sharks" cruising in search of work within a developed consortium.)

Much of the rest of the interview was taken up with discussion of alternative approaches to involving the private sector, with emphasis on the role of state-established "development authorities." Specific examples mentioned were:

- Lake Lanier Islands Development Authority in Georgia.
- The Savannah River Authority (SVA), a creature of South Carolina. He described attending a meeting the previous evening to discuss a possible feasibility study for a 3,000-acre tract being assembled by the SVA from Corps and private lands. He also mentioned Savannah Lakes Village, a multiple-use development for which SVA was the catalyst, including arranging for public infrastructure investment.

The subject felt these authorities could serve an important buffering and filtering function between the private sector and the Corps bureaucracy.

He also mentioned a Mississippi initiative to put JP Coleman State Park on the Tennessee waterway into private hands.

#### Person #34

The respondent has extensive knowledge of Corps recreation. He did his master's thesis on it in 1983. Recreational demand has increased constantly, and the Corps has gradually been reducing its staff and contracting work to the outside. Considerable time and effort is put into determining whether Corps staff or contractors should operate and maintain Corps areas. An overall budget cut came down from OMB, and the Corps cut recreation the most. In many instances leases are broken, and areas sit vacant because nobody wants to take them over within that jurisdiction. In the Northwest, most of the prime recreational sites are run by nonfederal groups. The Corps needs to take the attitude of a partner rather than a dictator. Private groups, in general, have a difficult time because the recreation season is very short. Starting in the Southeast and moving Northwest, more opportunities for privatization exist in the Southeast because the Corps owns more of the recreational lands. Going to the Northwest, Corps lands compete with Forest Service, Park Service, Bureau of Reclamation lands. This supply of public land makes privatization difficult.

#### Person #37

Before working at the Park Service, the respondent was employed by the Corps. Reasonable fees for general recreation would likely be accepted by the public. O&M efficiency could be improved by designing maintenance-free facilities, hiring contractors to pick up garbage, etc. Most local governments do not have the financial stability to get into a lease agreement for O&M of a recreation facility. Therefore, agreements at the state level should be focused upon. Privatization would be a good alternative as long as the public is allowed access. The opportunities in the Northwest for private ventures are limited because of the tremendous supply. The Corps has more of an engineering mentality, where the Park Service has a wildlife and recreation mentality. The Corps should concentrate on public relations in recreation.

# Persons #38, #39, #40, #41

As district personnel, these individuals have extensive experience with recreation at Corps facilities. Generally, they have had good success with cooperative agreements involving state and local governments and private groups. Several instances were named where private groups

requested development on Corps lands and were denied. In many cases the private group developed on land adjacent to the Corps lands and are quite successful. This group felt well-designed privatization agreements would enhance recreation and cut Corps costs extensively. One suggestion was to allow a developer to develop a site on a Corps lake with the agreement that they would maintain the rest of the lake area (e.g., pick up garbage at hiking areas, maintain access roads.) There was a very strong feeling that the Corps should allow more decisions to be made at the district level. Too many decisions are contingent upon approval from personnel higher up in the Corps who are removed from the actual recreation climate of the region. They suggested this would also help with the ever-present red-tape problems. Cost-sharing arrangements are simply not working, possibly because they have to go through the Secretary of Defense's office. They felt recreation programs in their district could be run at close to "no-cost" if they had the flexibility to run things as they saw fit. There needs to be a structure developed in which innovative ideas can be tried. The Corps could develop a "model district" to test out new ideas and arrangements for recreation management.

#### Person #42

This individual, a planner for the Corps, is familiar with concessionaire-related decisions concerning Corps facilities. An interdisciplinary team develops the master plan for each site. Proper land allocation is the main intent. Once high- and low-use recreation lands are defined, a decision is made whether second- or third-party involvement would be beneficial. A general market study is conducted to see if demand for recreation development exists. Existing concessionaires are protected -- the Corps will not allow further development unless it feels enough demand exists to keep all existing groups in business. The Corps cost-sharing agreement has never been used in the district (since the existence of the program.) The state of Missouri was interested but backed out at the last minute. The overall relationship with state/local governments has been favorable. The Corps would welcome increased recreational interest from state government.

#### Person #43

This person has extensive experience in concessionaire planning for the Corps. He has been involved in market studies. The Corps is involved in private development, but under the present arrangement (Corps policy/mind-set), not much more could be done in this area. The emphasis has been mainly with marinas; resort development has received little attention. The general agency feeling is to preserve and maintain a pristine shoreline. It will be difficult to shake this attitude, therefore private groups must be brought into the scene while maintaining a high level of environmental quality. This can be done, but it will take some thought. A general policy change which looks favorably upon privatization needs to be implemented. The Corps and other involved parties should tread carefully -- many recreation operations are marginal, and many state/local recreation budgets are peaked out. Leases should be designed which cause revenues to be invested back into the site.

#### Person #44

This person owns/runs a resort development on a Corps lake. His lease agreement is through the state, who is leasing it from the Corps for a state park. The difference between dealing with the Corps and the state has been incredible. He finds the Corps to be very unbusinesslike, and the state to be very cooperative to his business needs. The Corps has displayed a painful lack of expertise concerning private development issues. Cooperation has been a big problem -- the Corps maintains a "we want" rather than "how can we help" attitude. Regulations that seem unfair have been a hinderance, for example, gas tank regulations that

pertain to him but not to the farmer across the road; regulating his hotel rates based upon TVA rates. The state advertised for bids and provided \$3 million incentive for start up. Since he was awarded the lease, the state has been very cooperative, and he feels he is working with them (versus against them). His chief recommendation to the Corps is to hire personnel who have experience in private industry. The state, for example, has hired a mortgage-financing expert to design and carry out its leasing agreements.

# APPENDIX B

NASHVILLE WORKSHOP QUESTIONNAIRE

Office Symbol/Project: Name:

Phone:

Circle:

Natural Resources Planning Real Estate Division District

Project Other:

Other

Extensive experience with the following project(s) related to this set of options:

~

5 HI to 1 Low Rating

(H, M, 0) Experience

with comments +Opportunities - Constraints

Rec

recreation and charge a realistic fee

for that use.

use in conjunction with public

private/non-federal entities to lease

recreation areas which are capable

of earning a profit.

C. Engage In economic promotion and

marketing to encourage

developments on Corps owned

lands.

residential

B. Allow

regional promotion program for the region/area/lake/park. D. Use Corps resources to develop a

B-1

Strawman

**WAYS TO INCREASE PRIVATE AND** 

NON-FEDERAL INVOLVEMENT.

A. Reduce the restrictions on the type

and location of private exclusive

Strawman

(H, M, 0) Experience 5 Hi to 1 Low Rating +Opportunities
- Constraints
with comments

- E. Liberal partnershipping and/or cost sharing - (Public law 89-72, "Federal Water Project Recreation Act", requires the Corps to obtain a non-federal public entity to share 50/50 in the costs of developing recreation facilities and requires the non-federal entity to operate and maintain those recreation facilities. Although the act applies to projects authorized after 1965, several past administrations have applied the cost-sharing and operation and maintenance (O&M) requirements to any new developments at pre 1965 projects.)
- F. Ease the cost sharing restrictions on development, pay back, types of facilities, potential sponsors, etc.
- G. Offer low interest, long-term Federal loans for private/non-federal entity to develop public recreational facilities on Corps lands/waters.
- H. Lease out lands for public recreation and then construct all or part of the infrastructure including roads, parking lots, boat ramps and sanitary facilities (which usually constitutes the largest initial capital expenditures).



- I. Seek legislative authority to acquire land to facilitate recreation development under eminent domain to provide a private/non-federal entity with adequate land and location to engage in profitable public recreation activities.
- J. Provide leasing incentives.
- K. Lengthen the term of the lease to allow long-term financing.
- L. Eliminate or reduce current restrictions on types of recreation lessees may provide on Corps property.
- M. Relax the Corps 14 day camping restriction.
- N. Allow groups/associations etc. who operate parks to charge discriminatory fees to members to encourage those groups to take over recreation area.
- O. Encourage college or university to run park(s) using students who are gaining college credits and/or money from their efforts, i.e. graduate assistants/interns, etc.
- P. Encourage "members only" recreational developments when members pay the O&M.

- Q. Allow inclusion of several recreation areas in a single lease instrument.
- R. Foster regional and/or local organizations to promote individual lakes or regions.
- S. Liability Insurance. The high cost of liability insurance for non-Federal public and private entities providing recreational and other services discourages their assumption of Federal areas. Congressional statute should be recommended to limit their liability and encourage their operation of Federal properties.
- T. Rental rebates. Although the regulatory constraint of a graduated rental system was addressed by the Strawman, rental rebates could be offered to Corps concessionaires who also provide non-revenue producing recreation activities.
- U. Funded cost-share program. One of the Divisions made a strong case for a well-funded cost-share program with which the Corps could respond when potential cost-share partners come forward.

	Strawman	(H, M, 0) 5 Hi to 1 Low Experience Rating			+Opportunities - Constraints with comments
			Rec	\$	
	V. Rent-to-own. Develop a "rent-to-own" plan for current Corps operated areas that would encourage small business interests to take over Corps operated areas.				
	Additional Options:				
	w.				
	х.				
B-5	Υ.				
	<b>Z.</b>				
				لــــا	•

Additional Comments:

Office Symbol/Project:		Natural Resources	Planning	Real Estate	Other:	
Office		-	2	က	4	
		OCE	Division	District	Project	Other
		-	7	C	4	r.
Name	Circle					

Phone:

Extensive experience with the following project(s) related to this set of options:

7

+Opportunities - Constraints with comments

5 Hi to 1 Low Rating

(H, M, 0) Experience

49 Rec

A. Implement nationwide reservation

B. Charge a variable rate for camping sites depending on location and amout of use. C. Expand the Corps authority to include charging for day use fees. system.

D. Charge for what we have been giving away, such as: 1. Access for hunting, fishing or

trapping.

Boat licenses (require each boat on Corps lake to have Corps boat license). 7

ij

INCREASE REVENUES.

Strawman

Strawman (H, M, 0) 5 Hi to 1 Low - Constraints
Experience Rating with comments

Rec \$

- 3. Firewood
- Expand the number of commercial activities allowed on Corps lands and water, and charge for all those activities.
- 5. Charge for certain ranger activities such as off-site presentations, interpretive tours, programs, etc.
- E. Eliminate the free camping requirement.
- F. Develop special event areas and charges.
- G. Reduce restrictions to encourage or allow concerts and other non-water related special events to be held on Corps property for a fee.
- H. Have the Corps purchase recreation equipment.
- I. Charge rent for use of Corps facilities such as auditoriums, amphitheaters, etc.
- J. Allow the sale of items the Corps could offer and traditionally has not sold (Must guard against unfair competition.)

Strawman

+Opportunities

- Constraints

with comments

5 Hi to 1 Low

Rating

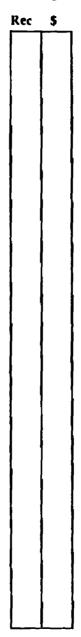
(H, M, 0)

Experience

- P. Golden Age and Golden Eagle
  Passports. Increase revenues
  through fees associated with these
  programs. One-time
  administrative fees could be
  charged for issuing passports. A
  change in regs to allow for half
  price on the basic fee, but full price
  on hookup charges (especially
  electricity), would help increase
  Corps revenue and at same time be
  fair to card holder.
- Q. Shoreline use permits. Shoreline management regulations were identified by the Strawman as regulatory constraints, but a revenue enhancing idea was put forward to charge fees for shoreline use permits based on the fair market value in the local area.
- R. Concession rents. Start charging any commercial concession operating on Corps-owned lands, including state parks, etc., rent for the privilege of operating a money-making venture on Federal property. Rent monies should then be returned to the project.



- S. Sell advertising. Sell advertising space in Corps-produced publications such as lake brochures. Another suggestion was encouraging concessionaires to advertise in Corps brochures, which would help offset the brochure printing costs to the Corps and improve sales and rentals for the concessionaire.
- T. SRUF funds. Allow SRUF funds to be utilized for the hiring of personnel only at the field project where they are generated and without counting against FTE ceilings.
- U. Gambling. Allow riverboat gambling as a means of increasing revenues to the Corps and dedicating the funds to the recreation O&M program.
- V. Lottery tickets. Allow the sale of state lottery tickets at concessions. This would increase the concessionaire's revenue and the return to the Corps. Another suggestion was for Corps park attendants to sell the lottery tickets.



+Opportunities

# **Additional Comments:**

Namo	2;		Office	:Symbol/Proje	ct:	Phone:
Circle	2: 2 3 4 5	OCE Division District Project Other:	1 2 3 4	Natural Resou Planning Real Estate Other:		
Exten	nsive ex	perience with the f	ollowing proje	ct(s) related to	this set of options:	
1.			2.		·	
Strav	vman			(H, M, 0) Experience	5 Hi to 1 Low Rating	+Opportunities - Constraints with comments
III.		GET AUGMENTA ppropriated Funds			Rec \$	
	tio	velop a program to nwide voluntary co d donations.				
	mo fina for	courage sponsorshing corporate and/content	or individual creation sites			
	for teri ma	velop challenge gra large corporations ial, money, and/or tched by federal co complish a specific	to pledge ma- r labor ontribution to			
		nduct land sales wing to recreation O				

+Opportunities (H, M, 0)- Constraints 5 Hi to 1 Low Strawman Experience with comments Rating Rec \$ E. Establish Corps recreation trust to provide monies for public recreation. F. Organic Act. Legislation for a recreation and natural resource management organic act was recommended, with one objective being that the Corps would become eligible for Land and Water Conservation Fund disbursements. G. Excise taxes. The Corps could seek legislation that would provide an excise tax on the sale of major pieces of recreational equipment such as recreational vehicles or motorboats.

- H. Fees from other project purposes.
  Suggestion made that the Corps charge additional fees for hydropower generation, acquatic plant control, etc., and dedicating the revenues to recreation programs.
- Armed services involvement. The Corps could make available to the military unused, developed areas in exchange for contributions toward O&M costs.
- J. Prisoners, juvenile offenders.
  Greater use of juvenile offenders to perform maintenance and repair work at Corps recreation areas.

Additional Comments:

Nam	c:		Office	: Symbol/Proje	ect:	Phone:
Circle	1 2 3	OCE Division District Project Other:		Natural Resor Planning Real Estate Other:		
Exter	nsive ex	perience with the followin	ig proje	ct(s) related to	this set of options:	
1.			2.			
Straw		ATION & M AINTENAN	JCE	(H, M, 0) Experience	5 Hi to 1 Low Rating Rec \$	+Opportunities - Constraints with comments
	EFFIC	IENCIES.	·CE		Let 3	
	B. Allo dete mo	iate peer review process.  ow on-site manager to  ermine where all of his/he  ney goes. "Authority equa  ponsibility".				
	oth	ap out recreation areas wi er agencies to facilitate intenance and managemer orts.				
		organize for more efficien ration.	ŧ			
	serv mai	ope a "one stop outgrant vice" which authorizes loc nager to issue licenses/pe all outgrants.				

Rating Rec \$

5 Hi to 1 Low

(H, M, 0)

+Opportunities
- Constraints
with comments

Strawman

(H, M, 0)

Experience

Rating

\*Opportunities
- Constraints
with comments

Rec \$

N. Commercial activities program.

- N. Commercial activities program.
  This program involves determining the economic feasibility of contracting various O&M responsibilities (e.g., lawn maintenance) to non-Corps commercial operators.
- O. Cost-sharing agreements.
  Eliminate the requirement for the ASA to approve cost-sharing agreements under \$25,000, allowing on-site personnel greater management control.
- P. Signage. Authorize ordering officers to procure recreation signs from vendors other than Federal Prison Industries when the vendor's price is less than the FPI price. Greater on-site managment would lead to greater efficiency.
- Q. Retirement payment. At retirement time, the Corps could make a cash payment to all employees for their unused sick leave. This would increase organizational productivity.
- R. Self collection of camping fees. Self-explanatory.
- S. Division management. Consider delegation of approval from HQUSACE to the Division office on all aspects of the recreation program.

+Opportunities - Constraints with comments					
5 Hi to 1 Low Rating	Rec \$	_	 	 	
(H, M, 0) Experience					

Additional Options:

Strawman

Additional Comments:

Vamo	::		Office	Symbot/Proje	ct: T	hone:
Circle	1 2 3 4 5	OCE Division District Project Other:	1 2 3 4	Natural Resou Planning Real Estate Other:		
Exten	sive ex	perience with the follow	ing proje	ct(s) related to	this set of options:	
i <b>.</b>			2.			•
Straw	/man			(H, M, 0) Experience	5 Hi to 1 Low Rating	+Opportunities - Constraints with comments
v.		EASED RECREATION DRTUNITIES.			Rec \$	
	гес	ovide test sites for experi reation i.e. demonstratio jects.				·
	rec	ow more local communi reation facilities (tennis imming pools, etc.).				
	clo Co	nen demand warrants, re sed areas and renovate ( rps/private/non-federa seover.	fo <b>r</b>			·
	D. As	sist in the promotion of onomic development.	regional			
		operate with the local by	usiness			

(H, M, 0)

5 Hi to 1 Low

+Opportunities

- Constraints

**B-20** 

# APPENDIX C

REGIONAL PUBLIC WORKSHOPS SUGGESTIONS EVALUATION PACKET

# CORPS OF ENGINEERS RECREATION STUDY REGIONAL WORKSHOP

Suggestions Evaluation Packet

AFFI	LIATION:	desci	Please check below the one category that best describes the organization, agency, or group that you are representing today:						
	USER/USER	GROUP/I	AKI	E ASSOCIAT	MON				
	ENVIRONME	ENTAL/C	ONSI	ERVATION	ORGANI	ZATION			
	CONCESSIO	NAIRE W	ПН	CORPS					
	RESORT DEV	/ELOPER	/OPE	RATOR					
	RECREATIO	N BUSIN	ESS/	INDUSTRY					
	CHAMBER C	F COMM	ERE	CE/TOURIS	M ASSO	CIATION			
	CITY/COUNT	Y OR RE	GIO	NAL GOVE	RNMENT	•			
	STATE GOVERNMENT								
FEDERAL GOVERNMENT									
	ACADEMIC (	COMMUN	TTY						
	OTHER: Plea	se specify							
	e .								
EVAI SCAI	LUATION E:			ig scale sho uggestions					
"The	Corps	S N SN	= =	Definitely Should Neutral Should No Definitely	ot	Not			

# SUGGESTIONS CATEGORY: RESOURCE AUGMENTATION

# "The Corps ...

	_					•
DS	S	N	SN	DSN	<ol> <li>Increase the use of supplemental labor.</li> </ol>	sources.

- DS S N SN DSN
- 2. Increase the use of prisoners or juvenile offenders.
- DS S N SN DSN
- 3. Increase the use of programs for the handicapped.
- DS S N SN DSN
- 4. Increase the use of volunteers.
- DS S N SN DSN
- 5. Actively seek donations.
- DS S N SN DSN
- 6. Seek supplemental funding sources.
- DS S N SN DSN
- 7. Participate in recreation trust funds.
- DS S N SN DSN
- 8. Support excise taxes on recreation equipment.
- DS S N SN DSN
- Direct revenues from hydropower sales to support recreation programs.
- DS S N SN DSN 10.
- DS S N SN DSN 11.
- DS S N SN DSN 12.
- DS S N SN DSN 13.
- DS S N SN DSN 14.

Suggestions for Maintaining or Enhancing Recreation Opportunities While Reducing Federal Expenditures

# SUGGESTIONS CATEGORY: INCREASE FEES

# "The Corps ...

DS	s	N	SN	DSN	15.	15. Increase recreation fees.	
DS	s	N	SN	DSN		16.	Increase existing recreation use fees.
DS	S	N	SN	DSN		17.	Reduce Golden Age/Access discounts.
DS	s	N	SN	DSN		18.	Eliminate requirement for free campgrounds.
DS	S	N	SN	DSN		19.	Charge for all recreation use.
DS	S	N	SN	DSN		20.	Charge for recreation craft lockages.
DS	S	N	SN	DSN		21.	Charge for hunting.
DS	S	N	SN	DSN		22.	Charge for fishing and boating.
DS	S	N	SN	DSN		23.	Relax 14-day camping imitation.
DS	s	N	SN	DSN	24.	Increas	se outgrant revenues (leases, licenses, permits).
DS	S	א	SN	DSN		25.	Charge fair market value for all recreation outgrants.
DS	S		SN	DSN		26.	Charge fair market value for lakeshore use permits.
DS	S	N	SN	DSN		27.	Reduce restrictions on private exclusive use.
DS	S	N	SN	DSN		28.	Allow gambling in accordance with state and local laws.

29. Allow sale of lottery tickets in accordance with state and local

laws.

"The Corps ...

DS S N SN DSN 30. Increa	esse sale	S.
--------------------------	-----------	----

- DS S N SN DSN 31. Sell merchandise.
- DS S N SN DSN 32. Sell land.
- DS S N SN DSN 33. Sell artifacts.
- DS S N SN DSN 34. Seek legislation for a Federal Recreation Lottery.
- DS S N SN DSN 35.
- DS S N SN DSN 36.
- DS S N SN DSN 37.
- DS S N SN DSN 38.
- DS S N SN DSN 39.

# SOLUTIONS CATEGORY: INCREASE NON-FEDERAL PUBLIC INVOLVEMENT

"Th	ie Co	rps.	• •				
DS	s	N	SN	DSN	40.	Provide financial i gencies to provid	ncentives to encourage non-Federal public e recreation at Corps projects.
DS	S	N	SN	DSN	41.	rovide developm	ental incentives.
DS	S	N	SN	DSN		42. Allow Fed	eral cost-sharing on a wider range of facilities.
DS	s	N	SN	DSN			ditional facilities at Federal cost to encourage greater is operation and maintenance.
DS	s	N	SN	DSN			cisting facilities at Federal cost to encourage greater la operation and maintenance.
DS	s	N	SN	DSN	45.	rovide lease ince	ntives.
DS	S	N	SN	DSN		46. Allow mor	e flexibility in leasing.
DS	s	N	SN	DSN		47. Reduce rec	reation cost-sharing "red tape."
DS	S	N	SN	DSN			orps lands to non-Federal public agencies in exchange for not and/or management of Corps recreation areas.
DS	s	И	SN	DSN		49. Encourage and univer	leases or cooperative agreements with qualified colleges sities.
DS	s	N	SN	DSN	50.		
DS	S	N	SN	DSN	51.		,
DS	S	N	SN	DSN	52.		
DS	s	N	SN	DSN	53.		
DS	S	N	SN	DSN	54.		

Suggestions for Maintaining or Enhancing Recreation Opportunities While Reducing Federal Expenditures

# SUGGESTIONS CATEGORY: INCREASE PRIVATE INVOLVEMENT

200	びとり	OI	NS C	ATEGO	KY:	INCRE	LASE PRIVATE INVOLVEMENT
"Th	e Co	rps .	• •				
DS	S	N	SN	DSN	55.	Provide	e financial incentives.
DS	s	N	·SN	DSN		56.	Allow cost-sharing with private sector developers.
DS	s	N	SN	DSN		<b>57</b> .	Encourage development through low-cost, long term loans.
DS	s	N	SN	DSN		58.	Subsidize rentals through rebates to the concessionaire.
DS	S	N	SN	DSN		59.	Provide tax incentives.
DS	5	N	SN	DSN	60.	Provide	e developmental incentives.
DS	s	N	SN	DSN		61.	Transfer Corps lands to developers in exchange for development and/or management of recreation areas.
DS	S	N	SN	DSN		62.	Fund and/or conduct experimental and research studies, provide test sites for demonstration projects, and conduct market studies.
D <b>S</b>	S	N	SN	DSN		63.	Acquire land adjacent to recreation area to make the entire site attractive to potential developers.
DS	s	N	SN	DSN	64.	Provide	e lease incentives.
DS	s	N	SN	DSN		65.	Relax lease restrictions on recreation development by the private

Suggestions for Maintaining or Enhancing Recreation Opportunities While Reducing Federal Expenditures

DS S

SN DSN

sector.

development

66. Allow private exclusive use in conjunction with private recreation

### "The Corps ...

- DS S N SN DSN 67.
- DS S N SN DSN 68.
- DS S N SN DSN 69.
- DS S N SN DSN 70.
- DS S N SN DSN 71.

### IN SUMMARY...

72.	Do y abina	you co	onside of the	ar the go suggest	ais of ions pr	this study obtainable with the implementation of some rovided?
	Yes		?	vo		
		to att		e goals (	of this	study through implementation of the suggestions,
DS	S	N	SN	DSN	73.	Maintain the current mix of recreation management responsibilities between the Corps and other public and private entities at Corps projects.
DS	S	N	SN	DSN	74.	Increase non-Federal public and/or private recreation responsibility at Corps projects.
DS	S	N	NZ	DSN	75.	Increase Corps recreation management responsibility at its projects through increased fees.
DS	S	N	SN	DSN	<sup>7</sup> 6.	
Add	itiona.	i Com	menis:		·	
Tha	nk vo	u for s	70UF 24	esistan <i>c</i> e	Pleas	e return this evaluation packet before departing.
			•			Recreation Opportunities While Reducing Federal Expenditures 7

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# U.S. ARMY CORPS OF ENGINEERS RECREATION STUDY

**VOLUME II: APPENDIX J** 

**Economic Impacts of Recreation** 

## ECONOMIC IMPACT ANALYSIS AS A TOOL IN RECREATION PROGRAM EVALUATION

### BY

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### **PREFACE**

This study was authorized by Headquarters, U.S. Army Corps of Engineers and was funded by the Natural Resources Technical Support (NRTS) Program and the U.S. Army Engineer, Institute for Water Resources. The report was prepared by Mr. R. Scott Jackson, Environmental Laboratory (EL), U.S. Army Engineer Waterways Experiment Station (WES), Dr. Daniel J. Stynes and Dr. Dennis Propst, Department of Park and Recreation Resources, Michigan State University, and Dr. L. Eric Siverts, Timber/Land Management Staff, USDA Forest Service.

The work was performed under the direct supervision of Mr. H. Roger Hamilton, Chief, Resource Analysis Group, (RAG) and under the general supervision of Dr. Conrad J. Kirby, Chief, Environmental Resources Division, and Dr. John Harrison, Chief EL. Mr. J. Lewis Decell was Program Manager, Environmental Resources Research and Assistance Programs. Ms. M. Kathleen Perales, RAG, and Ms. Tere DeMoss, RAG, provided technical support in the production of the report. Technical reviewers were Dr. A. J. Anderson, EL, and Mr. John Titre, RAG. The report was edited by Mr. Bobby Baylot, EL.

Commander and Director of WES during the preparation of this report was COL Larry B. Fulton, EN. The Technical Director was Dr. Robert W. Whalin.

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## ECONOMIC IMPACT ANALYSIS AS A TOOL IN RECREATION PROGRAM EVALUATION

#### INTRODUCTION

Increased emphasis has recently been placed on the participation of non-federal sectors in providing recreation opportunities at Corps of Engineers water resource development projects. This initiative requires consideration of values important to public and private recreation program partners at the state and local level. While over 40 percent of recreation areas on Corps projects are managed by non-federal groups, the agency continues to seek increased participation by non-federal partners to accommodate increased demand for recreation resources. Many regions of the United States depend, to varying degrees, on recreational expenditures as an important source of economic activity (Alward 1986, President's Commission on Americans Outdoors). Local leaders have therefore placed an increased importance on public recreation opportunities as an essential ingredient in maintaining economic development through economic activity stimulated by visitor spending. The purpose of this paper is to describe and demonstrate a procedure for determining the economic effects of Corps of Engineers recreation programs for use as a basis for dialogue with public and private non-federal interests.

The Corps of Engineers has traditionally evaluated planned recreation development in terms of direct benefits to the visitor as defined in the National Economic Development Account of the Water Resources Council's Principles and Guidelines (U.S. Water Resources Council 1983). Net benefits included in this type of analysis are defined as the total amount an individual is willing to pay to engage in a recreational activity minus the cost incurred by the visitor to participate in that activity. The unit day, travel cost, and contingent valuation are accepted methods for measuring user benefits. Each method is appropriate for specific applications depending on the level of accuracy needed, availability of data, and planning questions being addressed (Walsh 1986). However, these procedures ignore the impacts to local and regional economies stemming from expenditures made by recreation visitors. These expenditures are important to non-federal interests when evaluating their potential "return" on investment in recreation programs.

### **ECONOMIC IMPACT ANALYSIS**

The economic effects of recreation use associated with Corps projects can be viewed as the income and employment businesses derive as a direct or indirect result of spending by visitors to Corps projects. *Direct* effects include income and employment

resulting from direct spending by visitors on goods and services required to engage in recreation activities, for instance, the retail purchase of a boat. To meet the increased demand for boats resulting from such sales, boating manufacturers will purchase materials and labor; shipping companies will purchase labor, trucks, gasoline and other supplies; and boat dealers will purchase labor and supplies in support of their retail sales activities. The income and employment resulting from these secondary purchases are the *indirect* effects of the retail purchase of boats. The income of employees directly and indirectly supporting the sale of boats increases as a result of each boat sold. In turn, this employee income is used to purchase goods and services, and the resulting increased economic activity from employee income is the *induced* effect of the purchase of a boat. Using this example, the sum of direct, indirect, and induced effects fully describes the economic effect of the purchase of a boat. Economic Input-Output (I-O) models are commonly used to predict what the total level of regional economic activity would be resulting from a change in direct spending.

Input-Output (I-O) analysis can assist decision-making by providing insights as to how various programs affect regional economies. By tracing spending effects throughout an economy, the extent to which various economic sectors are affected can be determined. When trying to integrate a program or project into an economy it is important to determine who will and who will not benefit from it. Using I-O analysis, a decision-maker is able to predict the effects of various changes in policy or agency expenditures on local economies. This gives the decision-maker the ability to evaluate the potential economic effects of policy alternatives and communicate the potential impacts to local interests.

In order to accurately assess the economic effects of recreation policy alternatives it is also necessary to determine how recreation use patterns and resulting visitor spending would change from current conditions in response to the policy alternative. Recreation demand models are commonly used to translate changes in recreation development, resources, and policies into changes in the amount, composition and distribution of recreation use required in the I-O analysis process. Figure 1 illustrates the process and associated tasks for assessing the economic effects of recreation policy alternatives.

## MEASURING THE ECONOMIC EFFECTS OF THE LAKE SHELBYVILLE RECREATION PROGRAM

The process of assessing the economic effects of recreation use will be illustrated through an application at Lake Shelbyville, IL. The application will identify the economic effects of the existing recreation program on three regions; the two counties (Shelby and Moultrie) in which Lake Shelbyville is located, the State of Illinois, and the United States. In addition, the economic effects of the hypothetical development of a 200-unit campground will be examined.

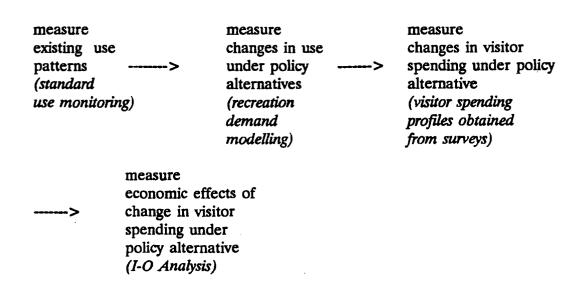


Figure 1. Process for Assessing the Economic Effects of Recreation Policy Alternatives

Lake Shelbyville, an 11,000-acre multipurpose reservoir in central Illinois, was constructed on the Kaskaskia River in 1970 to provide flood control, navigation, water supply, and recreation benefits. There are a total of 16 public recreation areas at Lake Shelbyville operated by the Corps and the Illinois Department of Conservation. These areas provide facilities for camping, boating, swimming, hunting, and a variety of other water-related recreation activities. In addition, three commercial marinas operate on the lake. In June 1989 Eagle Creek Resort was opened to the public. The resort includes a 136-room hotel and associated meeting rooms and conference facilities.

#### MEASURING VISITOR USE

The first step in assessing recreation economic effects is to measure the amount of recreation use associated with the lake. Recreation use is described in terms of user groups (i.e. day users, campers, and hotel guests) that possess homogeneous spending patterns. Defining use in this way facilitates accurate estimates of total visitor spending.

In 1989 approximately 1.1 million groups engaged in recreation at Lake Shelbyville. The vast majority of visitors (97.1 percent) participated in day use activities, while 1.8 percent camped and 1.1 percent of the visitor groups stayed at the Eagle Creek Resort hotel (estimates of use and visitor spending at the Eagle Creek Resort hotel were based on use statistics for June 1989 through May 1990).

Important to the analysis of economic impacts is the origin of visitors in relation to the regions being studied. This is necessary to distinguish visitors bringing "new" dollars into the region from visitors who live within the region and are retaining money that already exists in the region. The majority of visitors to Lake Shelbyville live in close proximity to the lake. Eighty percent of all visitors lived in the local region of Shelby and Moultrie counties, 19.9 percent lived in Illinois (outside of the local region), and only a small proportion (0.1 percent) of all visitors originated from outside Illinois. Table 1 presents a summary of recreation use at Lake Shelbyville.

Table 1. 1989 Estimated Lake Shelbyville Recreation Use

			.*	
User Group*	Local Region	Nonlocal Illinois	Outside Illinois	Total
Day Users	870,149	188,427	0	1,058,576
Campers	938	17,222	976	19,136
Eagle Creek Hotel **	606	11,133	631	12,370
Total	871,693	216,782	1,607	1,090,082

<sup>\*</sup> All use statistics are reported in party trips

### MEASURING VISITOR SPENDING

A key step in assessing economic impacts is the development of visitor expenditure profiles. An expenditure profile is a series of mean expenditure rates, derived from visitor surveys, for individual goods and services either purchased during a recreation trip or purchased for use on a recreation trip. Visitor spending can be divided into two broad categories. The first category includes goods and services purchased and consumed during a single trip. These expenses are known as trip expenses. The second category includes durable goods, such as boats and camping equipment, that are purchased and used on many trips. Since durable goods are used over a period of time on multiple recreation trips, the total amount spent on such items must be adjusted downward to reflect usage solely at Lake Shelbyville. These adjustment procedures will be discussed later.

<sup>\*\*</sup> Eagle Creek use was reported for June 1989 through May 1990

To develop both trip and durable goods expenditure profiles, a sample survey was conducted at Lake Shelbyville from July 25 to September 15, 1989. Data collection procedures included a combination of personal, on-site interviews and mailback questionnaires. The interview locations were recreation areas within the Corps' project boundary. These sites were randomly sampled to represent both temporal use patterns (month of the year, day of the week, time of day) and type of use (day vs. overnight, boating vs. nonboating). Trained interviewers conducted personal interviews with visitors as they were completing their visit to Lake Shelbyville. During the interviews, visitors provided recreation activity information, durable good spending estimates, and trip characteristics. To obtain trip spending information, visitors were asked to complete a questionnaire and return it by mail as soon as possible after returning to their permanent residence. A total of 290 groups were contacted in the survey. The response rate for the on-site interview was 92 percent and for the mailback questionnaire 57 percent. This yielded 267 on-site interviews and 165 mailback questionnaires.

A summary of trip expenditure profiles for Lake Shelbyville visitors is presented as Table 2. This table shows the means and standard errors of visitor expenditures for 10 aggregated categories of spending. Finally, Table 2 shows the proportion of spending that occurred within the local region (within 30 miles of Lake Shelbyville) and total trip spending. The average of local regional spending by the 165 groups was \$88.80 per trip. The standard error of this mean was \$11.77. Thus it is appropriate to conclude, with 95 percent confidence, that the true mean lies between \$65.26 and \$112.34 per group per trip. The largest proportion of spending occurred within the food and beverage category where local visitors spent an average of \$27.38 per group per trip. Figure 2 displays the distribution of total trip spending by major spending category.

Improved accuracy in estimating visitor spending can be achieved by dividing visitors into groups possessing relatively homogeneous spending patterns. Figure 3 illustrates the differences in spending patterns between three groups of Lake Shelbyville visitors surveyed (i.e. day users, campers, hotel visitors). At \$248 per trip, hotel visitors spent six times that of the average day user. While some of the differences in spending between hotel visitors and day users can be attributed to the longer length of the hotel visitor's trip, the higher cost of hotel accommodations alone resulted in hotel visitors spending significantly more per trip than campers. Table 3 shows the distribution of visitor spending for the three major user groups at Lake Shelbyville. Mean expenditures for disaggregated spending categories for each user group were used to represent visitor spending required in subsequent estimates of total visitor spending and input-output analysis. Spending by user groups were further divided into groups living inside and outside the local two-county region. As was previously discussed, this allows the distinction to be made between the import of new dollars into the region and the retention of money already in the region.

Table 2. Trip Spending per Party per Trip, Shelbyville (in 1989 dollars) Description of Standard Percent of Percent of Spending category Mean егтог in region total Totals by region of spending Total w/in 30 miles 80 88.80 11.77 Total outside 30 miles 21.56 4.36 20 Grand Total 110.36 12.98 100 Totals by major spending category (within and outside local region) 4.47 Lodging 19.59 18 Food & beverages 35.27 3.88 32 Auto & RV 20 22.13 5.81 Airline 1.23 1.20 1 **Boat** 15 16.61 2.74 Fish 2 2.43 0.64 Hunt 0.00 0.00 0 **Entertainment** 2 2.70 1.38 Misc. 7 7.80 3.01 Other 2 2.61 0.86 Spending by major category within local region Lodging 18.21 3.99 17 21 Food & beverages 27.38 3.39 31 25 Auto & RV 17.44 5.79 20 16 Airline 0.00 0 0.00 0 **Boat** 15.46 2.70 17 14 Fish 3 2 2.41 0.64 Hunt 0 0 0.00 0.00 Entertainment 2 1.45 0.82 1 Misc. 4 4.30 1.41 5 Other 2.15 0.77 2 2 Spending by major category outside local region Lodging 1.38 0.84 6 1 Food & beverages 7 7.88 1.57 37 Auto & RV 4.69 0.78 22 4 Airline 1.23 1.20 1 6 Boat 1.15 0.48 5 Fish 0.02 0.02 0 0 Hunt 0 0 0.00 0.00 Entertainment 1.25 0.80 6 1 Misc. 3.50 2.69 3 16 Other 0.46 0.40 2 0

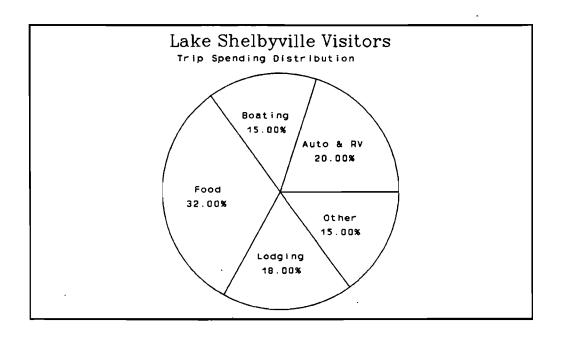


Figure 2. Trip Spending by Category.

Total visitor trip spending was calculated by multiplying visitor use estimates for day users, campers, and hotel visitors from Table 1 by their corresponding expenditure profile presented in Table 3. Table 4 presents these products, or total visitor trip spending for each user group by visitor origin and spending location. As the table shows, a total of over 54 million dollars was spent by Lake Shelbyville visitors on trip expenses. The majority of trip spending, 32.9 million dollars, was made in the local region by Illinois day users (25.5 million within and 7.4 million outside the local region). Imported spending into the local region by visitors living outside the region was an important share of visitor spending, constituting 12.1 million dollars (11.85 million nonlocal Illinois plus .25 million outside Illinois) or 22 percent of all spending. Figure 4 illustrates how local spending is distributed between local and nonlocal visitors. Figure 5 presents the distribution of spending among user groups.

Table 5 presents a summary of durable good spending as reported in the on-site survey. The 267 survey respondents reported purchases of 668 items that cost approximately 1.9 million dollars. Boats and related equipment purchases accounted for most of the spending. Camping equipment including trailers and motorhomes was the second highest spending category. The average visitor reported spending \$7,244 for all durable goods used on that trip of which \$720 was spent in the last year.

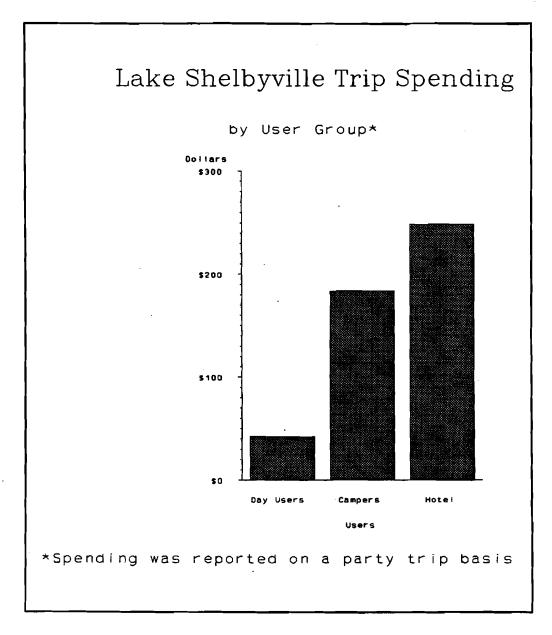


Figure 3. Trip Spending Profile by User Group.

Table 3. Trip Spending per Party per Trip by User Group, Shelbyville (in 1989 dollars)

	Visitors from beyond 30 miles		30 miles	1	ocal visito	ors
		HOTEL	CAMP		HOTEL	CAMP
N OF CASES	13	25	21	85	6	12
PCT	8	15	13	52	4	7
***********	average sp	ending per	r party per	trip		
Totals by region of spending	i I		-			
Total w/in 30 miles	39.31	188.76	136.10	29.29	267.33	187.33
Total outside 30 miles	64.15	54.12	39.14	3.56	5.00	11.08
Grand Total	103.46	242.88	175.24	32.86	272.33	198.42
Totale has make an adding an				!>		
Totals by major spending car					20.00	22.02
Lodging	9.23	75.00	29.38	0.54	28.00	33.83
Food & beverages Auto & RV	32.08 8.15	83.36	60.86 35.81	9.38	88.00 25.93	45.58 97.33
Airline	0.00	29.00		8.27	25.83	
Boat	11.38	7.92	0.00	0.06	0.00	0.00 6.33
Fish	0.00	30.80	21.86	8.36	86.83	
Hunt		2.40	4.33	1.32	18.33	1.08
Entertainment	0.00	0.00	0.00	0.00	0.00	0.00
Misc.	8.62 34.00	4.00	0.00	2.38	5.33	0.00
Other	_	9.20	12.90	0.33	20.00	14.25
Other	0.00	1.20	10.10	2.22	0.00	0.00
Spending by major category	within local	region				
Lodging	9.23	68.64	27.19	0.27	28.00	33.83
Food & beverages	21.69	62.68	39.95	8.41	84.67	38.92
Auto & RV	2.08	16.08	24.76	7.40	24.17	93.92
Airline	0.00	0.00	0.00	0.00	0.00	0.00
Boat	6.15	29.16	21.86	7.86	86.83	5.33
Fish	0.00	2.28	4.33	1.32	18.33	1.08
Hunt	0.00	0.00	0.00	0.00	0.00	0.00
Entertainment	0.00	2.80	0.00	1.61	5.33	0.00
Misc.	0.15	5.92	11.00	0.33	20.00	14.25
Other	0.00	1.20	7.00	2.09	0.00	0.00
Spending by major category						
Lodging	0.00	6.36	2.19	0.27	0.00	0.00
Food & beverages	10.38	20.68	20.90	0.96	3.33	6.67
Auto & RV	6.08	12.92	11.05	0.87	1.67	3.42
Airline	0.00	7.92	0.00	0.06	0.00	0.00
Boat	5.23	1.64	0.00	0.51	0.00	1.00
Fish	0.00	0.12	0.00	0.00	0.00	0.00
Hunt	0.00	0.00	0.00	0.00	0.00	0.00
Entertainment	8.62	1.20	0.00	0.76	0.00	0.00
Misc.	33.85	3.28	1.90	0.00	0.00	0.00
Other	0.00	0.00	3.10	0.13	0.00	0.00
	· 					

Table 4. Total 1989 Trip Spending by Lake Shelbyville Visitors (in dollars)

ORIGIN OF VISITOR	LOC	CATION OF SP	ENDING		
		<b>Nonlocal</b>	Outside		
	Local Region	Illinois	Illinois	Total	
Local Region	·				
Day users	25,486,664	3,097,730	. 0	28,584,394	
Campers	175,715	10,393	. 0	186,108	
Hotel	162,001	3,030	0	165,031	
Total	25,824,380	3,111,153	0	28,935,533	
Nonlocal Illinois		٠			
Day users	7,407,065	12,087,592	0	19,494,657	
Campers	2,343,914	674,069	0	3,017,983	
Hotel	2,101,465	602,517	0	2,703,982	
Total	11,852,444	13,364,178	0	25,216,622	
Outside Illinois					
Day users	0	0	0	0	
Campers	132,833	19,100*	19,100*	171,033	
Hotel	119,107	17,074*	17,074*	153,255	
Total	251,940	36,174	36,174	324,288	
GRAND TOTAL	37,928,764	16,511,505	36,174	54,476,443	

<sup>\*</sup> For visitors originating outside Illinois one half of nonlocal spending was allocated to nonlocal Illinois and one half to outside Illinois.

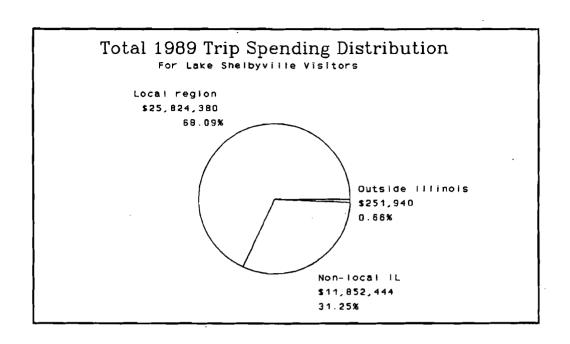


Figure 4. Distribution of Local Spending by Visitor Origin

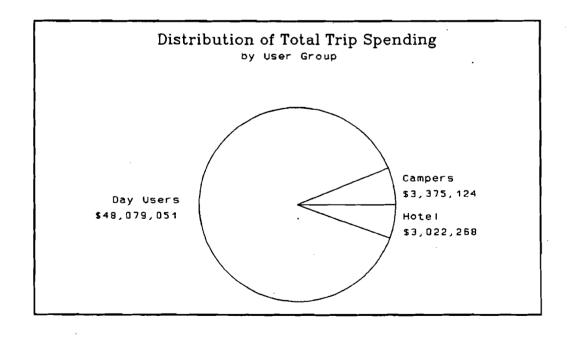


Figure 5. Total Trip Spending by User Group

Table 5. Spending on Durable Goods, Lake Shelbyville in 1989 dollars (n=267)

-				TOTA	L SPENT
Durable Nu	ımber	Pct of	Avg cost		Purch ases
item rep	orted	items	all items	All items	last year
motor boat	25	3.7	12,092	302,292	71,500
non-motor boat	2	0.3	468	935	0
rubber boat	5	0.7	63	313	0
jet ski	1	0.1	3,700	3,700	0
outboard motors	11	1.6	2,155	23,705	950
trailer	10	1.5	688	6,875	0
water skis	34	5.1	365	12,421	170
boat accessories	41	6.1	1,010	41,415	2,650
combination boat/trail/moto	or 105	15.7	8,610	904,060	111,300
fishing rods	103	15.4	421	43,350	1,075
nets	2	0.3	30	60	0
depth finder	51	7.6	348	17,737	320
vests	68	10.2	173	11,792	190
waders	3	0.4	28	83	0
trolling motor	29	4.3	380	11,020	1,170
guns	1	0.1	200	200	. 0
tents, bags	27	4.0	507	13,695	0
motorhome	14	2.1	19,146	268,046	0
travel trailer	32	4.8	5,703	182,480	1,000
pickup camper	4	0.6	4,700	18,800	0
camping vehicle accessories	13	1.9	2,133	27,723	60
trail bikes	1	0.1	0	0	0
bike <b>s</b>	19	2.8	263	4,999	300
other rec. equipment	67	10.0	575	38,507	1,563
TOTAL	668	100.0			
			TOTAL	1,934,209	192,248
			. SPENT	7,244	720
-	I	PCT. OF	TOTAL	100	9.9

While trip spending was reported by respondents on a per trip basis, durable good spending had to be adjusted to a per trip basis because durable goods are used on multiple trips. Durable good spending was reported by visitors responding to the on-site interview for items brought on that trip. Durable good spending was adjusted to a per trip basis for each respondent by dividing the total cost of durable goods purchased within the last year by the number of trips made within the previous year. Purchases made within the last year were only included to allow direct application of durable spending to annual estimates of use. Average durable good spending for all users was \$14.75 per trip in the local region and \$110.16 per trip outside the local region. The county in which the item was purchased was used to allocate durable goods spending to the appropriate regions, within Shelby/Moultrie counties (the local region), within the rest of Illinois, or outside Illinois.

Purchases of boating, camping, and other equipment for use at lakes like Lake Shelbyville are substantial. However there is no simple way of attributing these purchases to a single lake because these items may be used at many sites. One rationale for allocating durable good spending to Lake Shelbyville would be to determine the proportion of use that a given durable item receives at Lake Shelbyville versus other sites. This could be quite high for boating and fishing equipment bought by locals, but is probably lower for purchases make by nonlocals. In the absence of credible estimates of total annual use of durable good items purchased, it is necessary to select a percentage that would approximate the proportion of total durable good use that occurs at Lake Shelbyville versus other sites. We recommend attributing 25 percent of all durable good spending to Lake Shelbyville.

Using the 25 percent allocation resulted in average durable good spending for all users of \$3.68 per trip in the local region and \$27.54 per trip outside the local region. The application of these per trip durable good spending estimates to total 1989 use at Lake Shelbyville results in an estimate of 4.02 million dollars in durable good spending in the local region, 27 million dollars in Illinois, outside the local region and 3 million dollars outside Illinois.

Figure 6 displays the distribution of durable good and trip spending by where the spending occurred. Most trip spending occurred in the local region, while the majority of durable good spending occurred outside the local region.

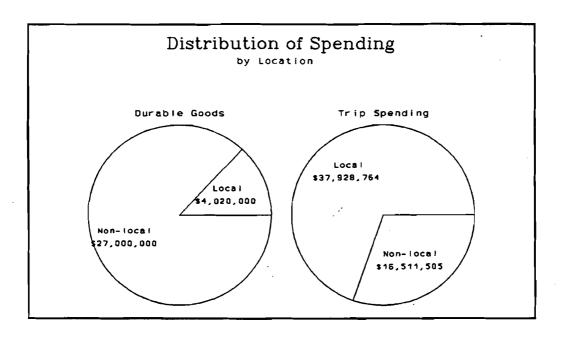


Figure 6. Distribution of Trip and Durable Good Spending by Location of Spending

### ASSESSING ECONOMIC EFFECTS

The translation of visitor spending into economic effects in terms of income and employment was accomplished through the use of an Input-Output (I-O) model. The model is an accounting system showing economic transactions between local businesses, households, and governments, as well as transactions between public and private entities located elsewhere. Although an I-O model provides only a static view of economic conditions, it is an effective device for characterizing and analyzing complex local, regional, and national economies. I-O models are constructed for specific geographic regions in order to capture the specific economic sectors and linkages that exist in the region.

IMPLAN, an I-O model developed by the U.S.D.A. Forest Service, was selected for use in this application. IMPLAN was selected for two main reasons. First it provides more detailed information than most other I-O models for recreation-related economic sectors. An economic sector is a group of industries that produce similar goods and services (e.g. retail trade sector). Second, it is a national model that facilitates standardized application throughout the U.S. and allows both local and national effects to be measured.

Three distinct input-output models were developed using IMPLAN, each corresponding to a distinct region of interest. The *LOCAL* model consisted of Shelby and Moultrie counties. These two counties roughly coincide with a 30-mile circle

around Lake Shelbyville. This model includes 124 of the 528 sectors that exist in IMPLAN. The STATE model includes all of Illinois. The Illinois model includes 494 sectors. The NATIONAL model includes the entire continental United States and includes all 528 economic sectors.

Each model describes the structure of the relevant regional economy. Moving from the *LOCAL* to the *STATE* and then to the *NATIONAL* model, more industrial sectors are represented and there are fewer leakages of dollars outside of the region for imports.

A final demand vector, which consists of visitor purchases to the 528 IMPLAN sectors, is required as input into the model. In the case of recreation applications this vector is developed from estimates of the amount of spending by visitors to the specified area as described in the previously discussed visitor spending profiles. For trip spending, six profiles were used -- day users, campers, and hotel visitors living within the local region and living outside the local region. For durable good spending, two profiles were used, visitors living within the local region and visitors outside the local region. The final demand vectors also account for where the spending occurred, i.e. within or outside the local region.

Spending of visitors within 36 trip expense categories and 24 types of durable goods were allocated into the 528 IMPLAN sectors to produce sector-specific final demand vectors. As part of the allocation process, retail, wholesale, and transportation margins were estimated and allocated to the appropriate IMPLAN sector. A margin is the difference between the cost and selling price of a good or service.

For any final demand vector IMPLAN produces estimates of the effects on employment and income, along with other measures of economic activity. The estimates reported include direct, indirect, and induced effects. IMPLAN'S estimates of employment and income have specific interpretations that are important. Employment is reported in terms of numbers of jobs which include a mix of both permanent full time, part time, and temporary employees. Income estimates reported from the I-O model are referred to as factor income by place of production. Two distinctions are important here. First, factor income means payments to factors of production (i.e. labor and capital). The case of labor, wages paid in the production process represent a part of total personal income, the remainder coming from several sources including investment dividends and government transfer payments. Second, income is reported by place of production not by place of residence. This means that for areas where large numbers of employees live outside the study area and commute to work, the model will overstate the effects. IMPLAN uses 1982 economic data to estimate economic effects; therefore all income estimates are reported in 1982 dollars. The final demand vectors were converted to 1982 dollars to provide consistency with IMPLAN.

For the local and Illinois regional models, two distinct types of analyses were conducted. *IMPACT* analysis is the term used to evaluate the effects of "outside"

dollars being imported into the region from visitors who live outside the region. The term SIGNIFICANCE is used to indicate the effects of spending within the region from both resident and nonresident visitors.

IMPACT analysis is the most common use of input-output models. For the LOCAL model (Shelby and Moultrie Counties) the IMPACTS of Lake Shelbyville include only the spending within the two counties by visitors from outside the two counties. This spending represents the inflow of "new" dollars to this local economy. The rationale for this approach is that if Lake Shelbyville were not available for recreation, these dollars from nonresidents would not be flowing into the region; whereas, a high proportion of spending by local residents would be transferred to other sectors of the local economy.

The SIGNIFICANCE analysis for the LOCAL model includes all spending within the region associated with all visits to Lake Shelbyville. As a large percentage of the use of Lake Shelbyville is from nearby residents, much of this spending is not "new" dollars to the region. Local resident spending locally can be important to identify which local economic sectors benefit from visits to the lake. Also, to the extent that local residents would otherwise go outside the region for recreation if the lake were not available; local spending by locals represents a potential leakage of spending that the lake captures.

Combining the *IMPACT* and *SIGNIFICANCE* analyses with the three regions, five scenarios are generated as follows:

LOCAL IMPACT: The effects on Shelby and Moultrie counties of the spending of visitors from outside the region. In this analysis local visitors are not included, nor is any spending associated with the visit that occurs outside of the region.

LOCAL SIGNIFICANCE: The effects on Shelby and Moultrie counties of all spending within the region by Lake Shelbyville visitors. Both local and nonlocal visitors are included.

STATE IMPACT: The effects on Illinois of the spending of out-of-state visitors to Lake Shelbyville. This analysis only includes visitors from outside Illinois and includes only their spending within the state.

STATE SIGNIFICANCE: The effects of any spending within the state of Illinois by all 1989 visitors to Lake Shelbyville.

NATIONAL SIGNIFICANCE: The effects on the United States economy of all spending associated with trips to Lake Shelbyville in 1989.

These scenarios produce differing results due to both differences in final demand (total visitor spending) and in the economic structures at local, state, and national levels.

The results of the five scenarios are summarized in Table 6. This table provides the total economic effects, for all use of Lake Shelbyville in 1989, under each of the five scenarios. The effects on employment and income are reported for the three user groups and for all users combined. The effects of trip spending are reported separately from that for durable goods.

When examining employment effects associated with trip spending under the SIGNIFICANCE scenarios, notice that the effects get larger as the size of the region increases. This is because more visitor spending is being included in the final demand vector, and less spending leaks out of the region in successive rounds of spending (indirect and induced effects). Spending on trips to Lake Shelbyville in 1989 generated 860 jobs within the two-county area, 1199 within Illinois and 1956 jobs nationally.

The employment effects of "new" dollars into the region (IMPACT scenarios) resulted in 427 jobs in the local region from trips by visitors originating from outside the region and 8 jobs in the state of Illinois result from trips by visitors from outside the state. This finding illustrates that the lake primarily serves a state market with the primary regional effect being a flow of dollars (and jobs) to the Shelby/Moultrie counties from the rest of Illinois.

Similar results were obtained for the effects on income. Focusing on the local region, outside visitors to Lake Shelbyville generated 5.5 million dollars in income locally. Figure 7 shows the proportion of total income and employment in the local region attributable to trip spending by Lake Shelbyville visitors. Lake Shelbyville trip spending accounted for 9.5 percent of total local employment and 5.2 percent of total local income. Imported spending into the local region by Lake Shelbyville visitors living outside the region was an important component of total spending, accounting for 4.7 percent of local employment and 2.2 percent of local income.

Table 6 shows the impacts of durable goods purchases, bought within the last year and used at Lake Shelbyville under the previously described 25 percent durable good spending allocation. The employment effects of durable goods purchases under the SIGNIFICANCE scenario resulted in 38 jobs in the local region, 477 in Illinois and 824 nationally. Most major durable items like boats and recreational vehicles are manufactured outside the local region and in many cases outside Illinois. Consequently there is a significant increase in employment effects in the Illinois and National regions. Under the IMPACT scenario, 9 jobs are produced in the Shelby-Moultrie Counties and only 6 jobs in Illinois resulting from durable goods purchased in Illinois by out-of-state visitors to Shelbyville.

Table 6. Shelbyville Impact Analysis - TOTAL IMPACTS OF PRESENT USE - Trip Spending and Durable Goods Purchases

	Local Significance	Local Impact	Illinois Significance	Illinois Impact	National Significance
TRIP SPENDI	NG				
Employment	(Number of Jo	obs)			
Campers	65	62	<b>77</b> ·	4	124
Day users	714	286	1037	0	1673
Hotel use	81	78	84	4	160
All	860	427	1199	8	1956
Total Income	(Millions of 1	982 Dollar	s)		
Campers	0.96	0.90	1.76	0.09	3.77
Day users	10.81	3.64	23.61	0.00	50.92
Hotel use	1.07	0.99	1.76	0.09	4.47
A11	12.85	5.53	27.12	0.18	59.16
DURABLE GO	ODS PURCHA	ASES			
<del></del>	(Number of J				
Campers	1	0	77	4	164
Day users	34	6	365	0	588
Hotel use	3	3	35	2	72
All	38	9	477	6	824
Total Income	* (Millions of	1982 Dolla	rs)		
Campers	0.01	0.01	1.63	0.08	5.03
Day users	0.56	0.10	8.55	0.00	18.66
Hotel use	0.04	0.04	0.81	0.05	2.26
All	0.61	0.15	10.99	0.13	25.95
NUMBER OF	TRIPS (000%)				
Campers	19.14	18.20	19.14	0.98	19.14
Day users	1058.58	188.43	1058.58	0.00	1058.58
Hotel use	12.37	11.76	12.37	0.63	12.37
All	1090.08	218.39	1090.08	1.61	1090.08

<sup>\*</sup> This is a 25 percent allocation of the total effects of durable good spending based on the assumption that 25 percent of the use of durable goods purchased occurred at Lake Shelbyville.

### **EVALUATION OF A MANAGEMENT ALTERNATIVE**

The preceding discussion presented the economic effects of recreation use under existing conditions in 1989. However, input-output analysis is an effective tool to evaluate the economic implications of management and policy decisions that affect recreation behavior. To illustrate this type of application we will assume that a 200-unit campground is being considered for construction to meet a demonstrated demand for camping facilities. Assuming such an expansion would generate occupancy rates like those at present campgrounds, it is estimated that the proposed facility would generate an additional 3,334 trips by camping groups to Lake Shelbyville. If it is further assumed that these trips would be distributed from different origins like present campgrounds and these campers would spend at rates similar to the two camping groups surveyed (local and non-local campers), a new final demand vector can be created to estimate the economic effects of the five scenarios.

For instance from Table 1 we see that about 95 percent of all campers at Lake Shelbyville came from outside the local region (17,222 non-local Illinois plus 976 outside Illinois campers divided by 19,136 total campers). When the 95 percent is applied to the estimated 3,334 camping trips in the new campground this results in about 3170 camping trips. From Table 3 we find that nonlocal campers spent \$136.10 per trip in the local region. When the \$136.10 per trip spending rate is applied to the 3170 trips this results in approximately 430,000 dollars in trip spending under the local IMPACT scenario in Table 7. The economic effects of the 200-unit campground are shown in Table 7.

Under the SIGNIFICANCE scenario, 11 new local jobs are created, 13 in Illinois, and 22 nationally from trip spending. Because campers come from outside the local region, the local IMPACT is also 11 jobs. Less than one job is created as a result of out-of-state camper spending.

Applying the 25% share of durable good spending, the new campground would have only a small local employment effect, but about 13 jobs would be created in Illinois and 28 nationally under the SIGNIFICANCE scenario.

This application demonstrates that it is possible to link economic effects to a specific management action (i.e. development of a 200-unit campground). This capability will allow managers to work with non-federal interests to identify partnership opportunities based on the economic effects to the local area through increased business activity. Nonlocal interests will be able to make investments in public recreation in a more business like way by being able to compute the potential economic return on specific investment alternatives.

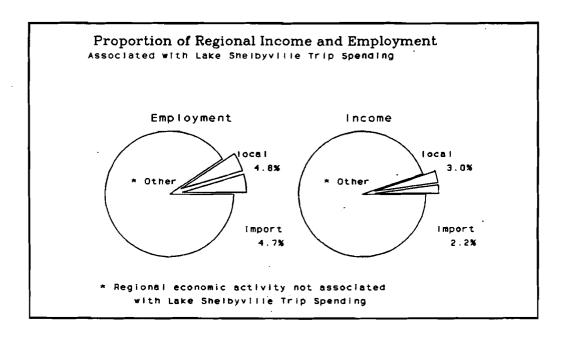


Figure 7. Proportion of Regional Income and Employment from Trip Spending.

Table 7.	Economic	Effects	of a	200-Unit	Campground

Signi	Local ficance	Local Impact	Illinois Significance	Illinois Impact	National Significance
Trip Spending (\$MM, 1982)	0.46	0.43	0.56	0.03	0.56
Income (\$MM, 1982)	0.17	0.16	0.31	0.02	0.66
Employment (Jobs)	11.37	10.87	13.40	0.68	21.57
Durable Goods Spending	0.02	0.01	2.56	0.13	2.56
Income (\$MM, 1982)	0.00	0.00	1.14	0.06	3.50
Employment (Jobs)	0.30	0.19	53.68	2.69	114.46
NUMBER OF TRIPS (000	's)				
Campers	3.33	3.17	3.33	0.17	3.33

## NATIONAL ECONOMIC EFFECTS OF THE CORPS' RECREATION PROGRAM

The economic effects of the national Corps recreation program can be inferred by applying spending patterns for Lake Shelbyville campers and day users to nationwide estimates of the number of campers and day users that use Corps projects. In 1988 over 2 billion visitor hours of recreation use was reported at over 470 Corps projects. This translates into over 95 million user groups using Corps projects for recreation. Table 8 presents the national effects of 1988 recreation use at Corps projects. Assuming all Corps campers and day users have the same spending patterns as Lake Shelbyville visitors, over 11 billion dollars was spent on nondurable goods and services associated with recreation at Corps projects. Trip spending generated over 8.1 billion dollars of income and over 265,000 jobs.

Table 8.	National	Effects of	Corps	Recreation	Trip	Spending
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User Group	Trips (000) (1988 NRMS)*	Trip Spending (\$MM 1982)	Income (\$MM 1982)	Employment (Jobs)
Day Users	71,444	4,128	3,436	112,881
Campers	23,558	7,392	4,678	152,400
Total	95,002	11,520	8,114	265,281

<sup>\*</sup> Natural Resource Management System

Travel and tourism industries are a major economic force in the United States touching many sectors of the economy. In 1988, travel and tourism related industries accounted for 302 billion dollars in receipts resulting in 5.42 million jobs (1989 U.S. Travel Data Center). The Corps recreation program accounts for a significant portion of the economic activity associated with travel and tourism in the United States. Trip spending by visitors to Corps projects accounted for approximately 3.6 percent of all tourism spending and resulted in about 4.8 percent of all tourism employment.

These results do not mean that if recreation use were to no longer exist at Corps projects the associated jobs and income would be lost. A very small portion of trip spending is "new" money to the United States (only spending from foreign visitors). Most is money that would be spent in the United States regardless of whether recreation opportunities existed at Corps projects. Therefore, changes in economic conditions would be in the form of shifts in jobs and income between economic sectors

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REPORT DOCUMENTATION PAGE							Form Approved OMB No. 0704-0188 Exp. Date: Jun 30, 1986	
REPORT SECURITY CLASSIFICATION UNCLASSIFIED				1b. RESTRICTIVE MARKINGS				
2a. SECURITY CLASSIFICATION AUTHORITY				3. DISTRIBUTION/AVAILABILITY OF REPORT				
2b. DECLASSIFICATION/DOWNGRADING SCHEDULE				Approved for public release; unlimited				
4. PERFORMING ORGANIZATION REPORT NUMBER(S)				5. MONITORING ORGANIZATION REPORT NUMBER(S)				
6a NAME OF PERFORMING ORGANIZATION Office of the Chief of Engrs			6b. OFFICE SYMBOL (if applicable)	7a. NAME OF MONITORING ORGANIZATION				
CEDC								
HQ, US A: 20 Massa		of Engineers Avenue, NW.		7b. ADDRESS (City, State, and ZIP Code)				
ORGANIZA			8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER				
US Army Corps of Engineers CECW-O								
8c. ADDRESS (City, State, and ZIP Code) HQ, US Army Corps of Engineers				10. SOURCE OF FUNDING NUMBERS PROGRAM PROJECT TASK WORK UNIT				
20 Massachusetts Avenue, NW. Washington, DC 20314-1000				PROGRAM ELEMENT NO.	NO.	NO.	WORK UNIT ACCESSION NO	
11. TITLE (Include Security Classification)								
U.S. Army Corps of Engineers Recreation Study Volume II: Appendices  PERSONAL AUTHOR(S)								
J.S. Army Corps of Engineers Recreation Task Force								
13a. TYPE OF REPORT 13b. TIME COVERED FINAL TO TO				14 DATE OF REPORT (Year, Month, Day) 15 PAGE COUNT 1990, September 621				
16. SUPPLEMENTARY NOTATION Available from National Technical Information Service, 5285 Port Royal Road Springfield, VA 22161								
17.					(Continue on reverse if necessary and identify by block number)			
FIELD				Operation and Maintenance, Federal Expenditures, ees, Volunteers				
			Recreation 1et					
At the direction of the Assistant Secretary of the Army (Civil Works), the U.S. Army Corps of Engineers conducted a review of its outdoor recreation program. The objective was to develop a plan for maintaining or enhancing recreation while reducing Federal expenditures. Volume I: Main Report summarizes the study purpose and scope, provides an historical review of the Corps involvement in outdoor recreation providers, describes the study process, reports on the evaluation of options considered for addressing the study objective, and describes a recommended plan. Volume II: Appendices contains supporting material developed during the study process.								
DISTRIBUTION/AVAILABILITY OF ABSTRACT 21. ABSTRACT SECURITY CLASSIFICATION								
☐ UNCLASSIFIED/UNLIMITED    SAME AS RPT.    ☐ DTIC USERS    · · · · · · · · · · · · · · · · · ·								
22a. NAME OF RESPONSIBLE INDIVIDUAL WILLIAM J. HANSEN				22b. TELEPHONE (Include Area Code)   22c. OFFICE SYMBOL (703)   355–3089   CEWRC-IWR-R				